

**2019**

# **LEGAL MALPRACTICE INSURANCE REPORT**

MISSOURI DEPARTMENT OF COMMERCE & INSURANCE



**DCI**

Missouri Department of Commerce & Insurance



***Also Available from DCI***

**Reports:** The following reports are also available:

- *Missouri Market Share Report*
- *Missouri Real Estate Malpractice (Closed Claim Report)*
- *Missouri Legal Malpractice (Closed Claim Report)*
- *Missouri Products Liability (Closed Claim Report)*
- *Missouri Medical Malpractice Insurance Report*
- *Missouri Health Maintenance Organization Report*
- *Missouri Life, Accident & Health Supplement Report*
- *Missouri Property and Casualty Supplement Report*
- *Missouri Commercial Liability Report*
- *Missouri Mortgage Guaranty Report*
- *Missouri Uninsured Automobile Report*

**Databases:** for data requests, contact the Statistics Section at 573-751-3163. Some data are available for a fee.

- *Medicare Supplement Experience Data*
- *Property and Casualty Supplement Data*
- *Missouri Zip Code data for homeowners/dwelling fire, farmowners (dwelling only, mobile home, earthquake, and private passenger automobile insurance.*

Many reports, including this complaint report, are available at no cost on the DCI website, at <http://insurance.mo.gov/reports/>. For paper copies, inquire with the Statistics Section at the above number.



## **DEFINITION OF TERMS**

**Indemnity Paid:** The sum of all payments made during the year for the benefit of insurance claimants, before reinsurance has been ceded and/or assumed. These payments include amounts paid in the current year for claims arising from coverage in prior years and exclude amounts which will be paid in future years for claims arising from the current year. Hence, this item is not a measure of the actual cost of current coverages, but only of current cash flows.

**Loss Adjustment Expenses:** The cost involved in an insurance company's adjustment of losses under a policy.

**Direct Premiums Written:** The dollar amount charged when a policyholder contracts for insurance coverage before reinsurance has been ceded and/or assumed.

**Direct Premiums Earned:** The part of premium attributable to the coverage already provided in a given period before reinsurance has been ceded and/or assumed.

**Direct Losses Incurred:** The sum of direct losses paid plus an estimate at the close of the year of the amounts to be paid in the future for all claims arising from the current and all prior years, minus the corresponding estimate made at the close of business for the preceding year. Incurred losses reported include estimated amounts unpaid for incurred-but-not-reported (IBNR) claims.

**Loss Ratio:** The dollar amount of direct losses incurred divided by the dollar amount of premiums earned for the particular line of business being analyzed, expressed as a percentage. This is an accounting representation of the portion of each premium dollar which is needed to honor a company's promise to pay claims.



## **LEGAL MALPRACTICE INSURANCE REPORT**

### **EXECUTIVE SUMMARY**

This report summarizes the legal malpractice insurance experience in Missouri from 2010 to 2019.

The charts, graphs and tables in this report are limited to closed claim information and were constructed from data collected by the Department of Commerce and Insurance as required by Section 383.077 RSMo. The premium and loss data, obtained from the Missouri Page 19 Supplement to the companies' annual statements are presented in the final section.

In 2019, the loss ratio for legal malpractice insurance in Missouri was 49 percent. For the 10-year period of claims closed<sup>1</sup>, 502 (27 percent) were closed with payment. Claims closed in 2019 totaled 85, a 40 percent decrease from the previous year. The average payment was \$228,356.

The cost to an insurer for settling legal malpractice cases (called loss adjustment expense, consisting of legal fees, claim adjustment costs and related items) has fluctuated over the past 10 years. In 2019, the average loss adjustment expense for all claims closed with payment was \$46,100 compared to \$86,068 in 2018.

Indemnity amounts are categorized by claim characteristics, including:

- Area of law in which the insured was retained by the claimant.
- Major activity in which the lawyer was engaged at the time the alleged error or omission occurred.
- Alleged error or omission that was the most significant reason for making the claim.
- The legal disposition of the claim at the closing date.
- The number of years the insured had been in practice at the time of the alleged error or omission.
- The relationship of the insured to the claimant.

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<sup>1</sup> Claims closed may have resulted from incidents in any previous period.

By area of law, the largest share of claims closed in 2019 (16 of 85) was initiated by plaintiffs in *bodily injury/property damage - plaintiff*. The largest proportion of all claims closed in 2019 under the major activity code occurred during *commencement of action or proceeding*. Of all claims paid during 2019, 47 percent were settled *before filing suit or demanding hearing* on the alleged malpractice.

Eighty-three percent of losses in 2019 occurred among attorneys with *more than 10 years of practice*. The insured's relationship to the claimant is partitioned into four subclasses: *free legal service, non-client, member of pre-paid legal plan and client other than free service or prepaid legal plan*. Seventy percent of 2019 claims occurred in the category of *client other than free legal service or member of pre-paid legal plan*.

Only 15 companies reported writing legal malpractice insurance in Missouri for 2019. Of these, the Bar Plan Mutual Insurance Company was by far the largest, with over 55 percent of the legal malpractice insurance market in this state.

This report was compiled using information submitted by insurance companies. As a result, the accuracy of this report is dependent upon the correctness of each company's data. Copies of this report will be made available in Braille, large print or on audio cassette upon request. Any questions regarding this report should be addressed to the Statistics Section, Department of Commerce and Insurance, P.O. Box 690, Jefferson City, MO 65102-0690.

## TABLE OF CONTENTS

<b>SECTION</b>	<b>DESCRIPTION</b>	<b>PAGE</b>
I	TEN YEAR SUMMARY .....	3
II	INDEMNITY SUMMARY	
	Area of Law: 10-Year and 2019 Summary .....	9
	Trends of the Top 10 Areas of Law .....	13
	Major Activity: 10-Year and 2019 Summary .....	25
	Trends of the Top 10 Major Activity .....	29
	Alleged Errors or Omissions: 10-Year and 2019 Summary .....	41
	Trends of the Top 10 Alleged Errors or Omissions .....	45
	Claim Disposition: 10-Year and 2019 Summary.....	57
	Trends of the Top 8 Claim Dispositions .....	61
	Years Admitted to Practice: 10-Year and 2019 Summary.....	69
	Trends of Years Admitted to Practice.....	73
	Insured/Claimant Relationship: 10-Year and 2019 Summary .....	77
	Trends of Insured/Claimant Relationship .....	81
III	PREMIUM AND LOSS DATA .....	85



**TEN YEAR  
SUMMARY  
(2010-2019)**

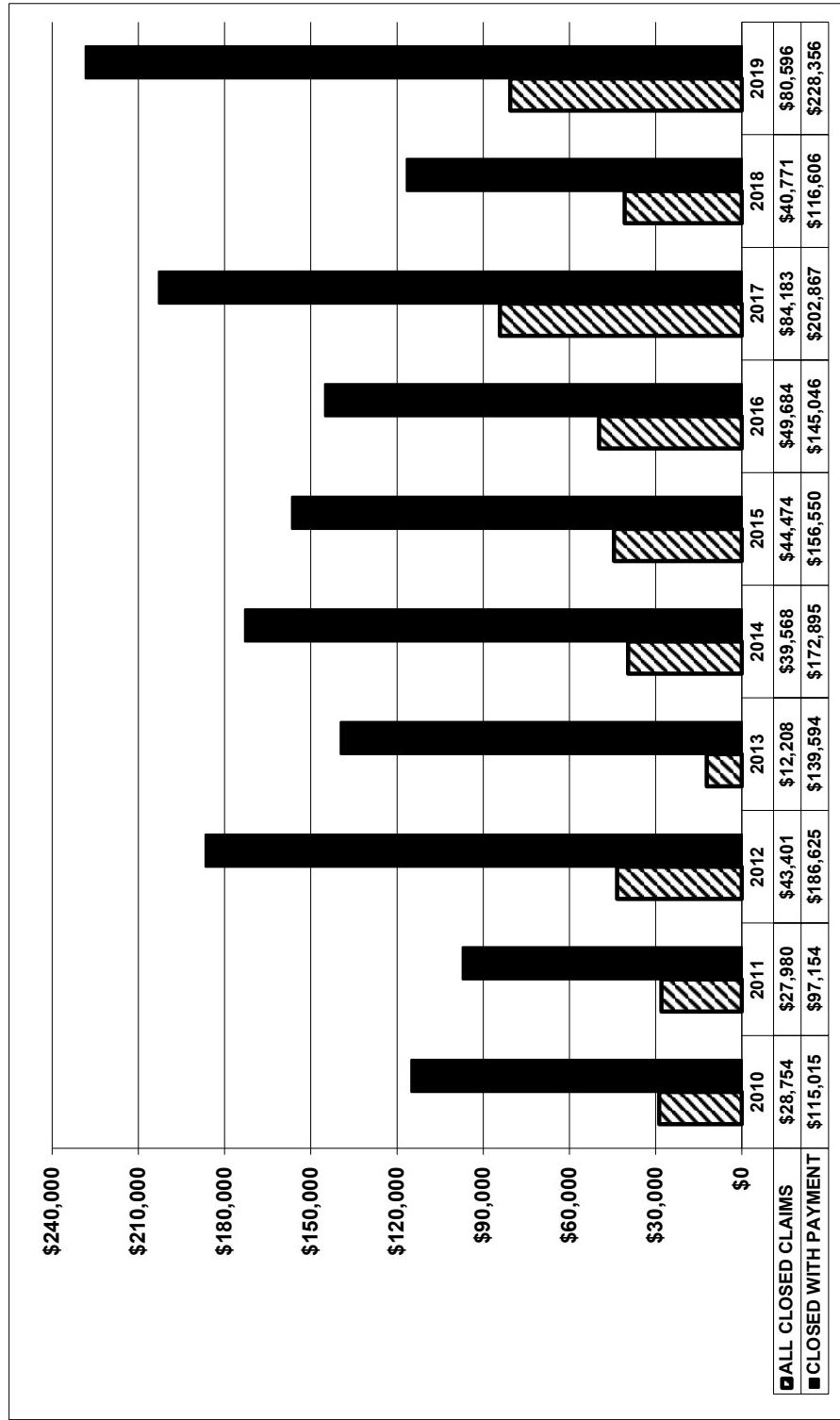


**LEGAL MALPRACTICE EXPERIENCE**  
**TEN YEAR SUMMARY**  
**(2010-2019)**

CLOSED CLAIMS	NUMBER OF CLAIMS	PERCENT OF CLAIMS	TOTAL INDEMNITY PAID	AVERAGE INDEMNITY PAID	TOTAL LOSS EXPENSES PAID	AVERAGE LOSS EXPENSE PAID
All Closed Claims	1,893	100.0%	\$76,037,277	\$40,168	\$39,593,711	\$20,916
Closed with Payment	502	26.5%	\$76,037,277	\$151,469	\$23,589,831	\$46,992
Closed without Payment	1,392	73.5%	\$0	\$0	\$16,003,880	\$11,497
Claims Settled Through Court Proceedings	172	9.1%	\$3,788,128	\$22,024	\$10,188,720	\$59,237
Court Proceedings Resulting in Payment	21	1.1%	\$3,788,128	\$180,387	\$3,318,965	\$158,046

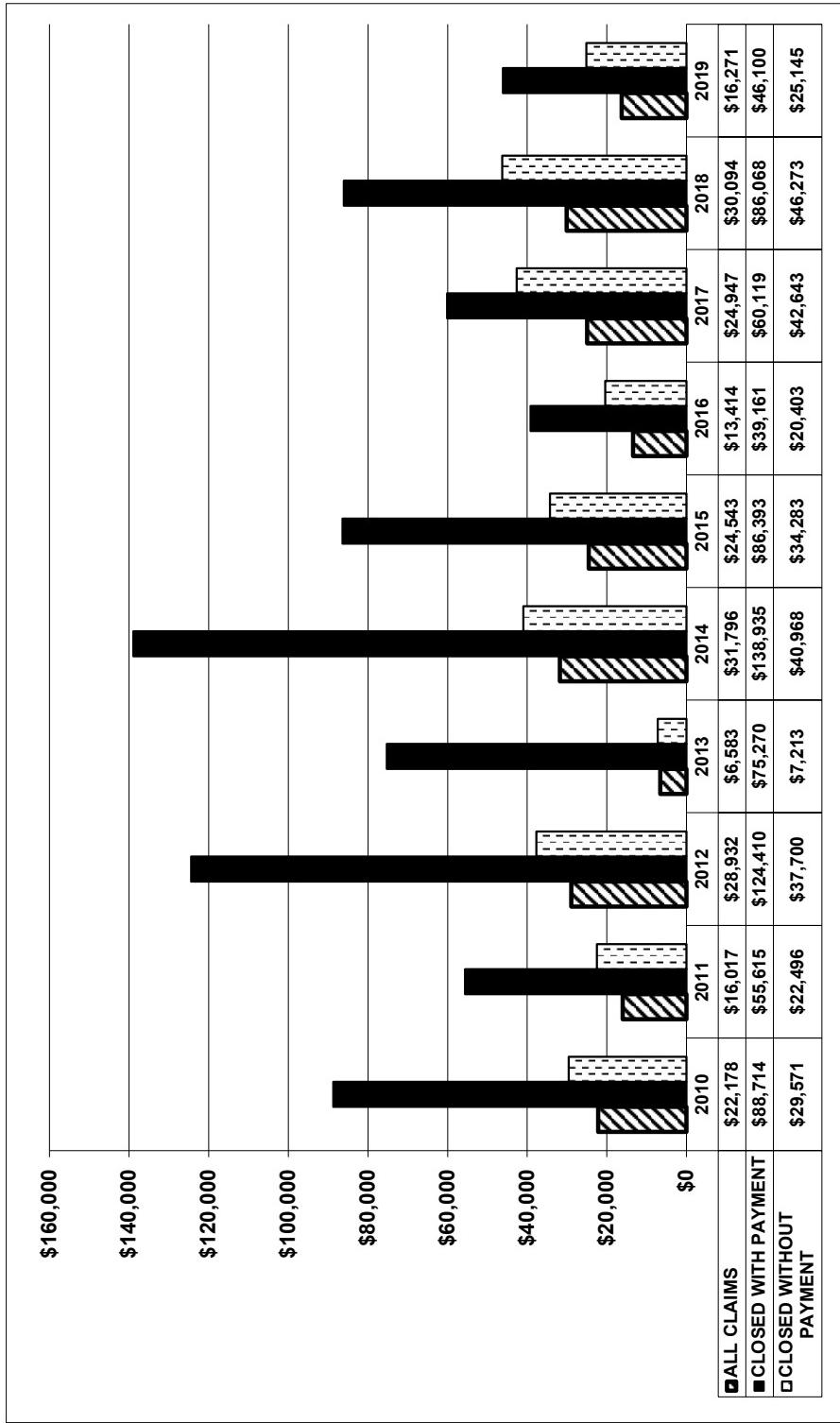
## MISSOURI LEGAL MALPRACTICE INSURANCE

### AVERAGE PAID CLAIM



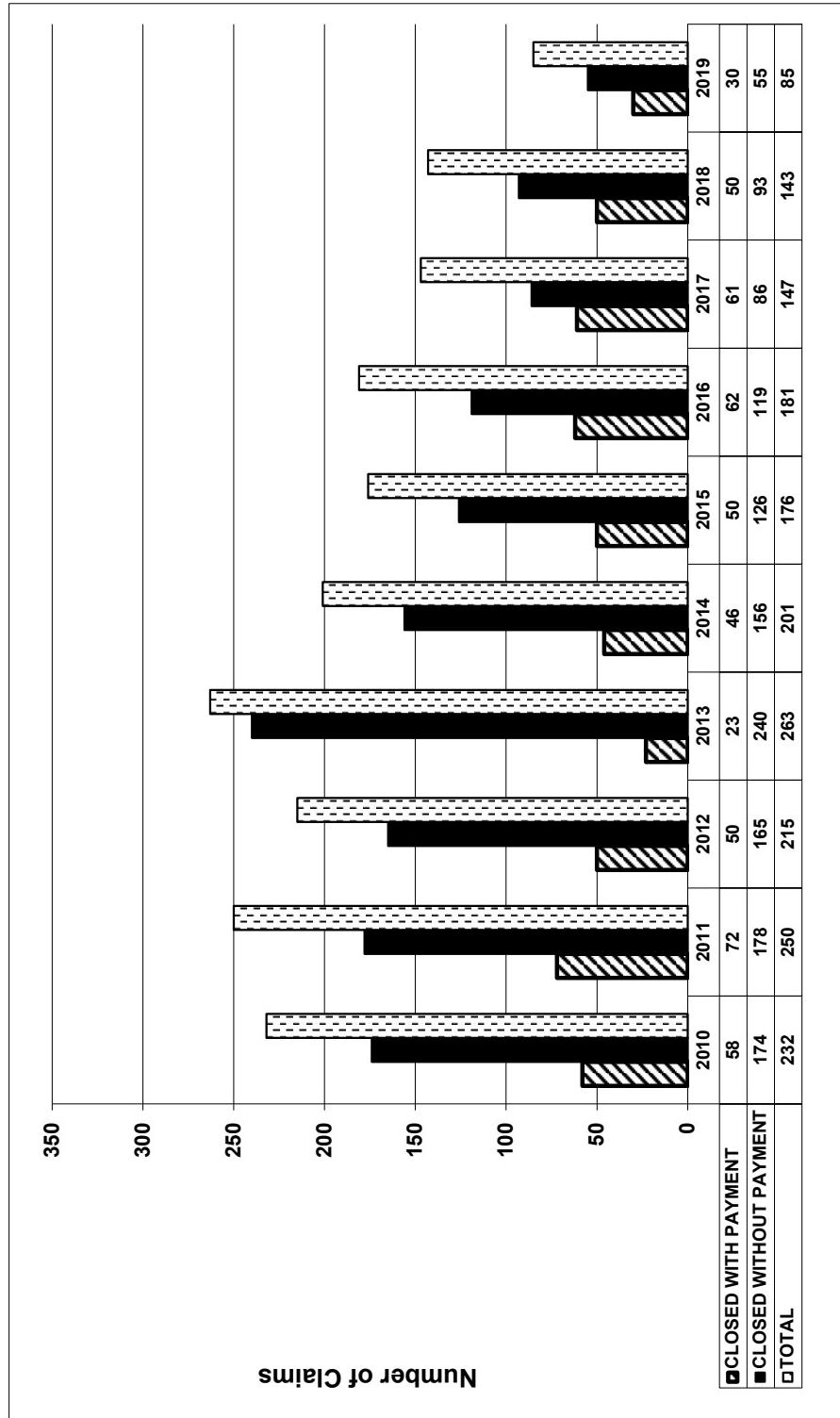
## MISSOURI LEGAL MALPRACTICE INSURANCE

### AVERAGE PAID LOSS ADJUSTMENT EXPENSE



## MISSOURI LEGAL MALPRACTICE INSURANCE

### CLAIM COUNT 2010-2019



**TEN YEAR SUMMARY  
&  
2019 SUMMARY  
BY  
AREA OF LAW**



# LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 2010-2019

AREA OF LAW	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BI/PD - PLAINTIFF COLLECTION & BANKRUPTCY	357	116	23.11%	\$189,685	\$22,003,451	28.94%	\$19,201
ESTATE, TRUST & PROBATE	326	75	14.94%	\$110,017	\$8,251,293	10.85%	\$8,920
REAL ESTATE	233	69	13.75%	\$111,493	\$7,692,996	10.12%	\$21,627
FAMILY LAW	223	45	8.96%	\$100,201	\$4,509,036	5.93%	\$11,005
CORPORATE & BUSINESS ORGANIZATION	214	51	10.16%	\$117,099	\$5,972,042	7.85%	\$17,269
BUSINESS TRANSACTION/COMMERCE LAW	112	22	4.38%	\$227,562	\$5,006,363	6.58%	\$29,171
CRIMINAL	73	25	4.98%	\$127,692	\$3,192,309	4.20%	\$69,411
WORKERS COMPENSATION	65	8	1.59%	\$28,469	\$227,750	0.30%	\$11,908
BI/PD - DEFENDANT	58	16	3.19%	\$232,053	\$3,712,842	4.88%	\$7,254
CIVIL RIGHTS & COMMISSION	47	14	2.79%	\$342,398	\$4,793,571	6.30%	\$53,213
LABOR LAW	43	10	1.99%	\$160,300	\$1,603,000	2.11%	\$11,754
CONSUMER CLAIMS	39	16	3.19%	\$127,907	\$2,046,504	2.69%	\$24,258
LOCAL GOVERNMENT	25	8	1.59%	\$76,438	\$611,500	0.80%	\$33,265
TAXATION	15	5	1.00%	\$212,234	\$1,061,172	1.40%	\$41,834
CONSTRUCTION (BUILDING CONTRACTS)	14	4	0.80%	\$328,917	\$1,315,669	1.73%	\$28,833
PATENTS, TRADEMARKS, COPYRIGHTS	13	5	1.00%	\$196,756	\$983,779	1.29%	\$36,041
SECURITIES (S.E.C.)	11	3	0.60%	\$237,500	\$712,500	0.94%	\$222,042
GOVERNMENT CONTRACTS & CLAIMS	11	2	0.40%	\$83,750	\$167,500	0.22%	\$7,377
IMMIGRATION & NATURALIZATION	7	3	0.60%	\$51,667	\$155,000	0.20%	\$4,076
ADMIRALTY	3	2	0.40%	\$142,000	\$284,000	0.37%	\$6,666
ENVIRONMENT	2	1	0.20%	\$1,105,000	\$1,105,000	1.45%	\$85,064
NATIONAL RESOURCES	1	1	0.20%	\$330,000	\$330,000	0.43%	\$18,307
TOTAL	1,893	502	100.00%	\$151,469	\$76,037,277	100.00%	\$20,916

# LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 2019

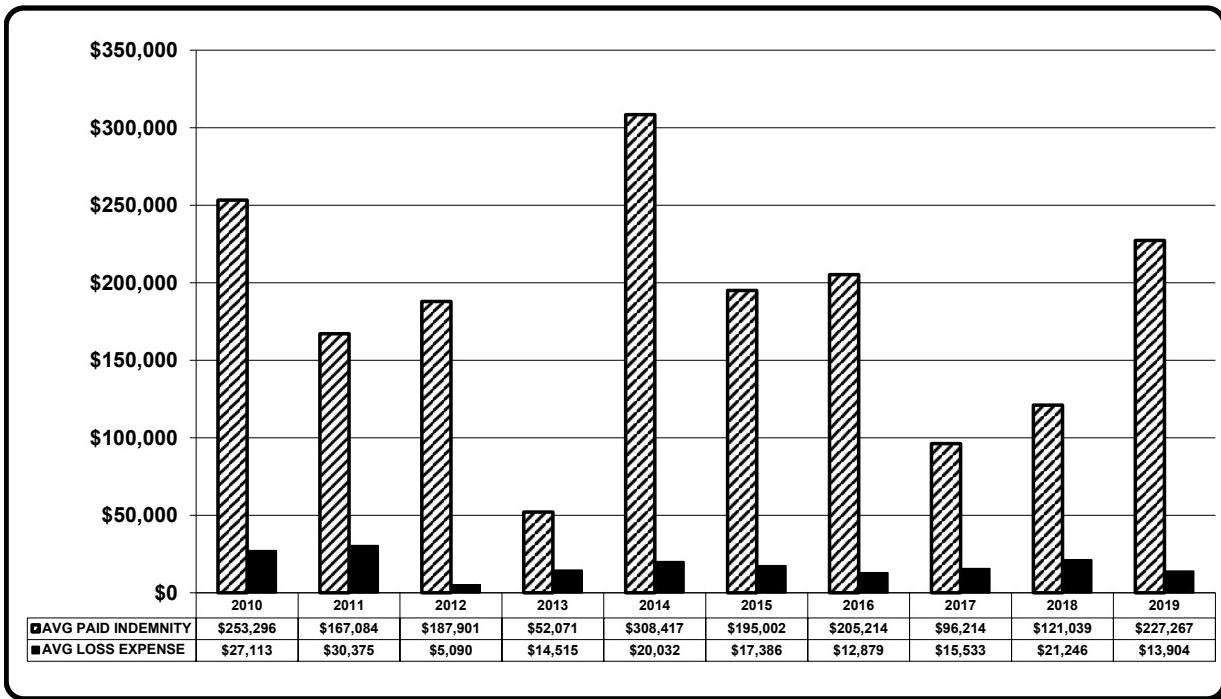
AREA OF LAW	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM			TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
				AVERAGE INDEMNITY PAID	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY			
BI/PD - PLAINTIFF	16	7	23.33%	\$227,267	\$1,590,872	\$1,590,872	23.22%	\$13,904	
COLLECTION & BANKRUPTCY	14	8	26.67%	\$497,066	\$3,976,528	\$3,976,528	58.05%	\$13,338	
ESTATE, TRUST & PROBATE	12	5	16.67%	\$163,730	\$818,652	\$818,652	11.95%	\$3,647	
FAMILY LAW	10	3	10.00%	\$30,770	\$92,310	\$92,310	1.35%	\$22,095	
REAL ESTATE	10	2	6.67%	\$46,004	\$92,008	\$92,008	1.34%	\$13,470	
BUSINESS TRANSACTION/COMMERCIAL LAW	5	0	0.00%	N/A	N/A	\$0	0.00%	\$29,764	
CORPORATE & BUSINESS ORGANIZATION	5	0	0.00%	N/A	N/A	\$0	0.00%	\$56,561	
CRIMINAL	4	1	3.33%	\$20,000	\$20,000	\$20,000	0.29%	\$5,296	
BI/PD - DEFENDANT	2	0	0.00%	N/A	N/A	\$0	0.00%	\$4,244	
CIVIL RIGHTS & COMMISSION	2	1	3.33%	\$130,000	\$130,000	\$130,000	1.90%	\$33,104	
CONSUMER CLAIMS	2	1	3.33%	\$70,000	\$70,000	\$70,000	1.02%	\$23,451	
WORKERS COMPENSATION	2	1	3.33%	\$10,313	\$10,313	\$10,313	0.15%	\$0	
GOVERNMENT CONTRACTS & CLAIMS	1	1	3.33%	\$50,000	\$50,000	\$50,000	0.73%	\$0	
<b>TOTAL</b>	<b>85</b>	<b>30</b>	<b>100.00%</b>	<b>\$228,356</b>	<b>\$6,850,683</b>	<b>\$6,850,683</b>	<b>100.00%</b>	<b>\$16,271</b>	

**TRENDS  
OF THE TOP TEN  
AREAS OF LAW  
OF 2019**

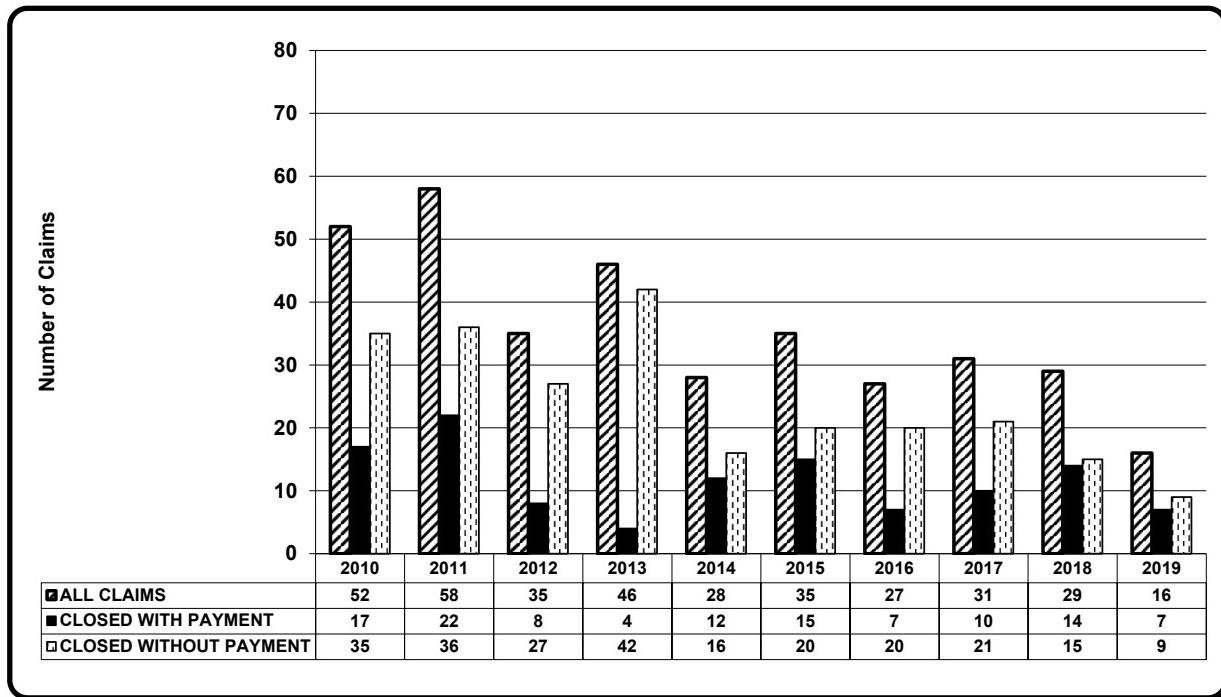


## BI/PD - PLAINTIFF

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

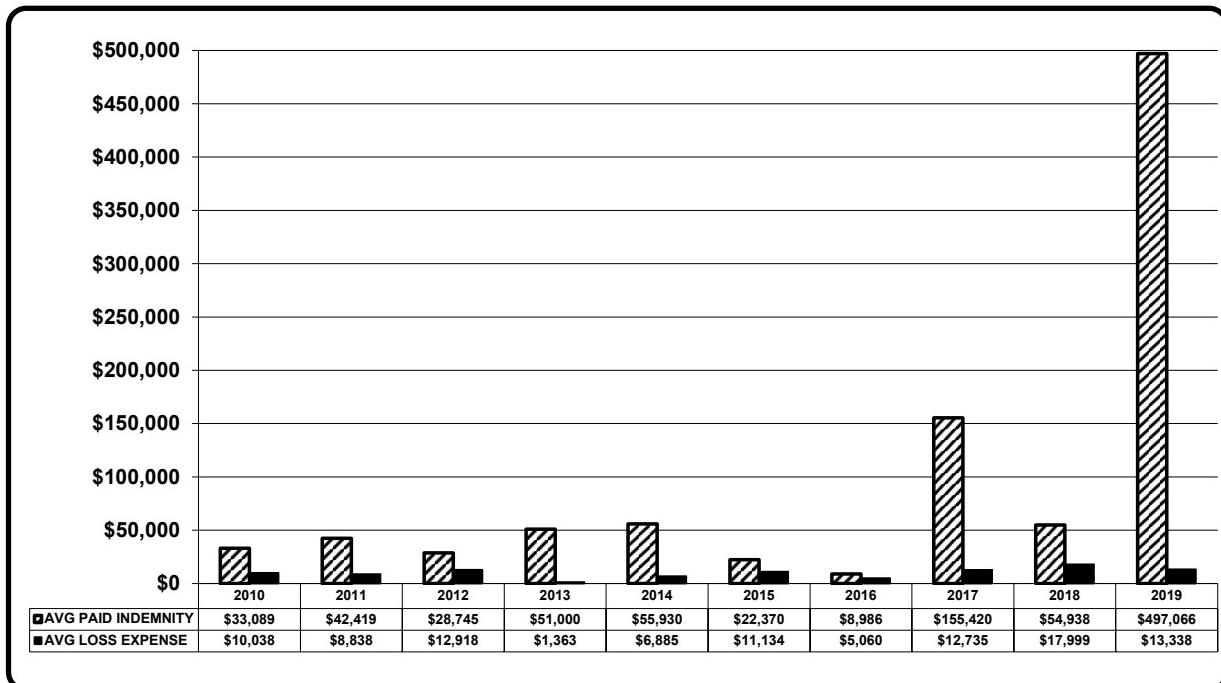


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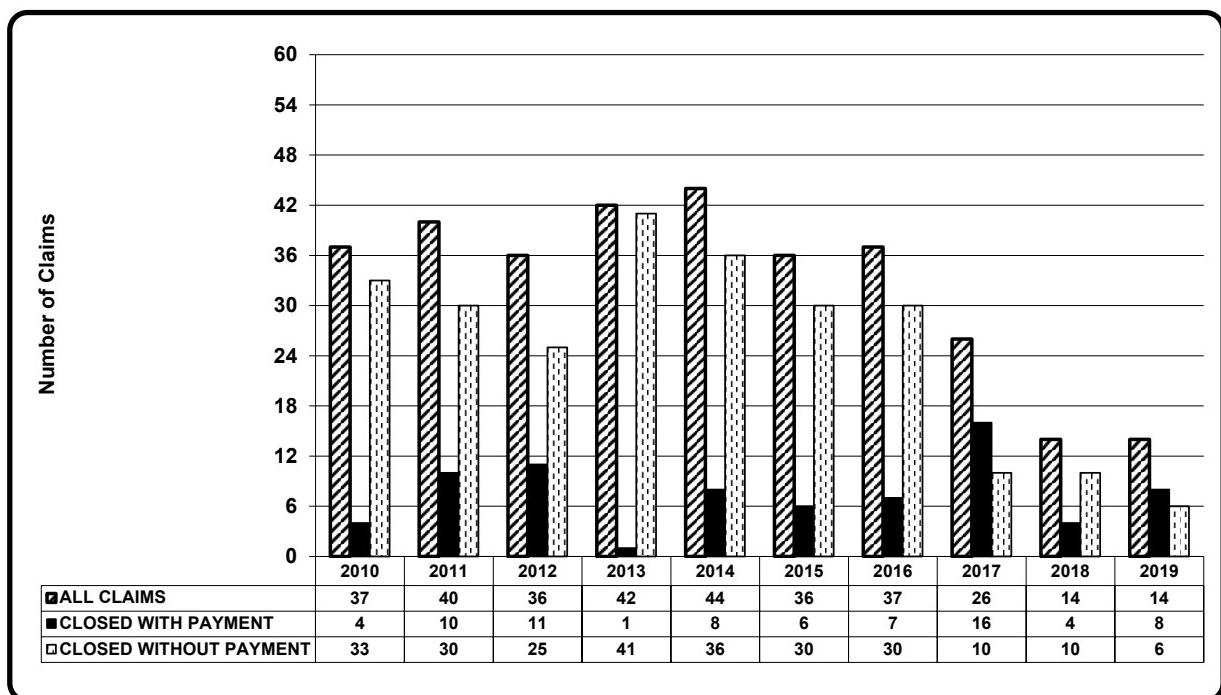


## COLLECTION & BANKRUPTCY

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

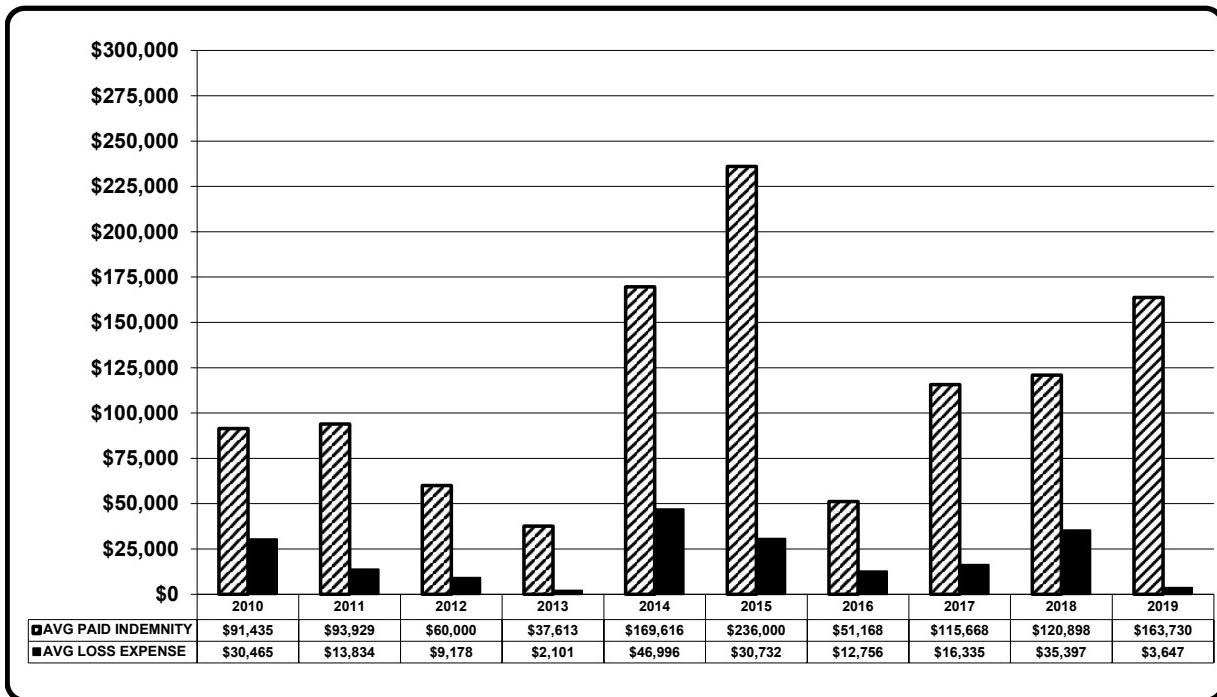


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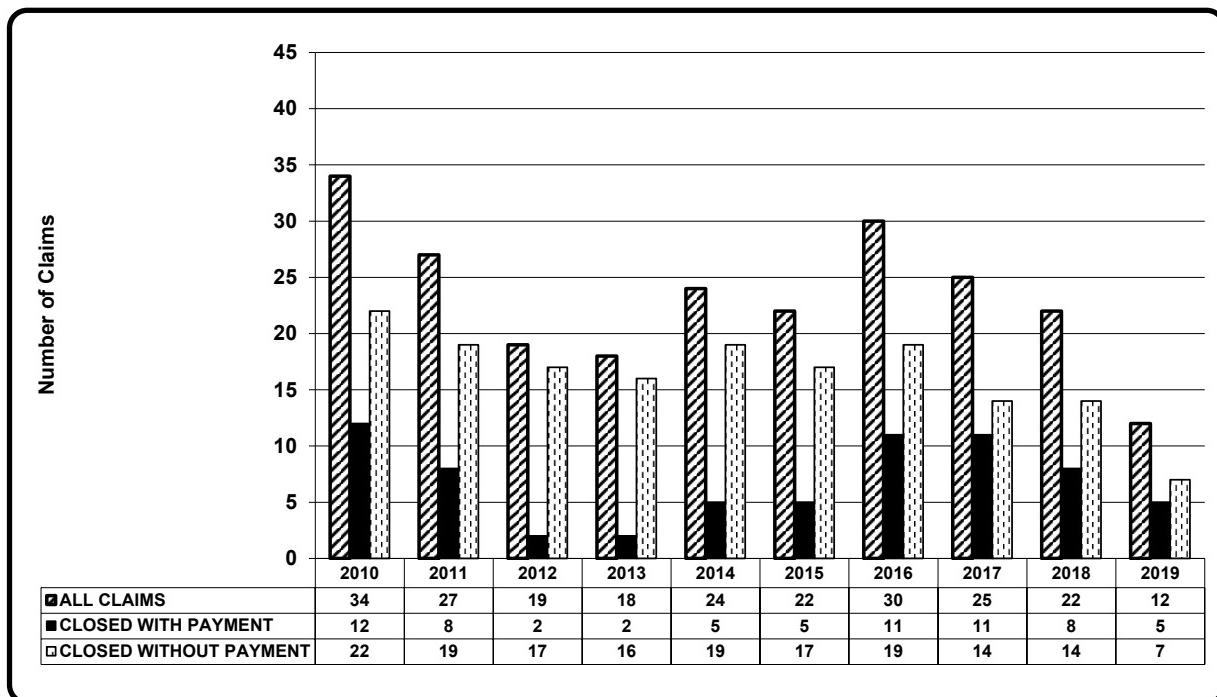


## ESTATE, TRUST & PROBATE

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

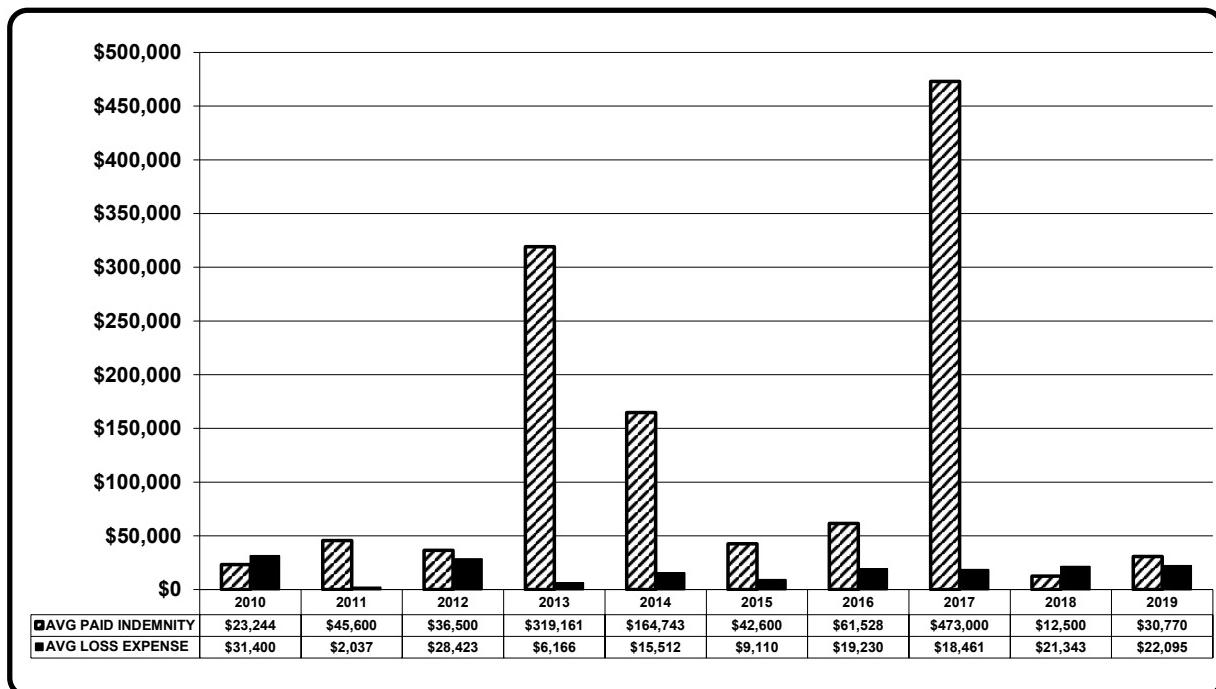


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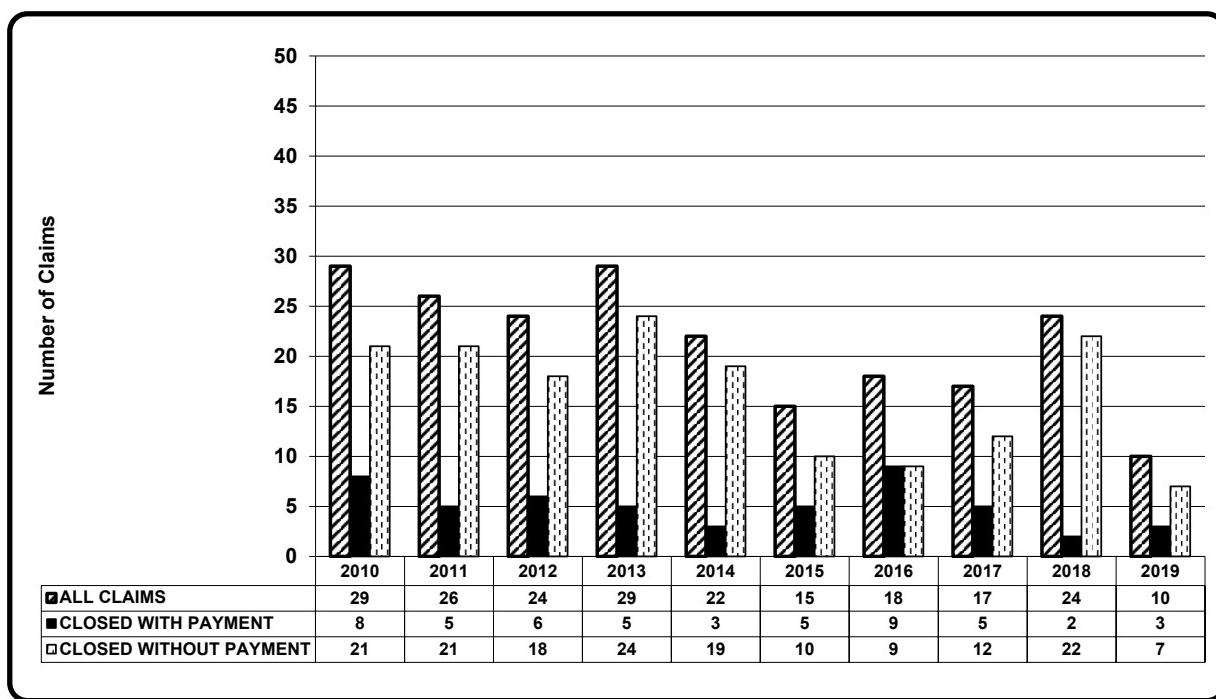


## FAMILY LAW

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

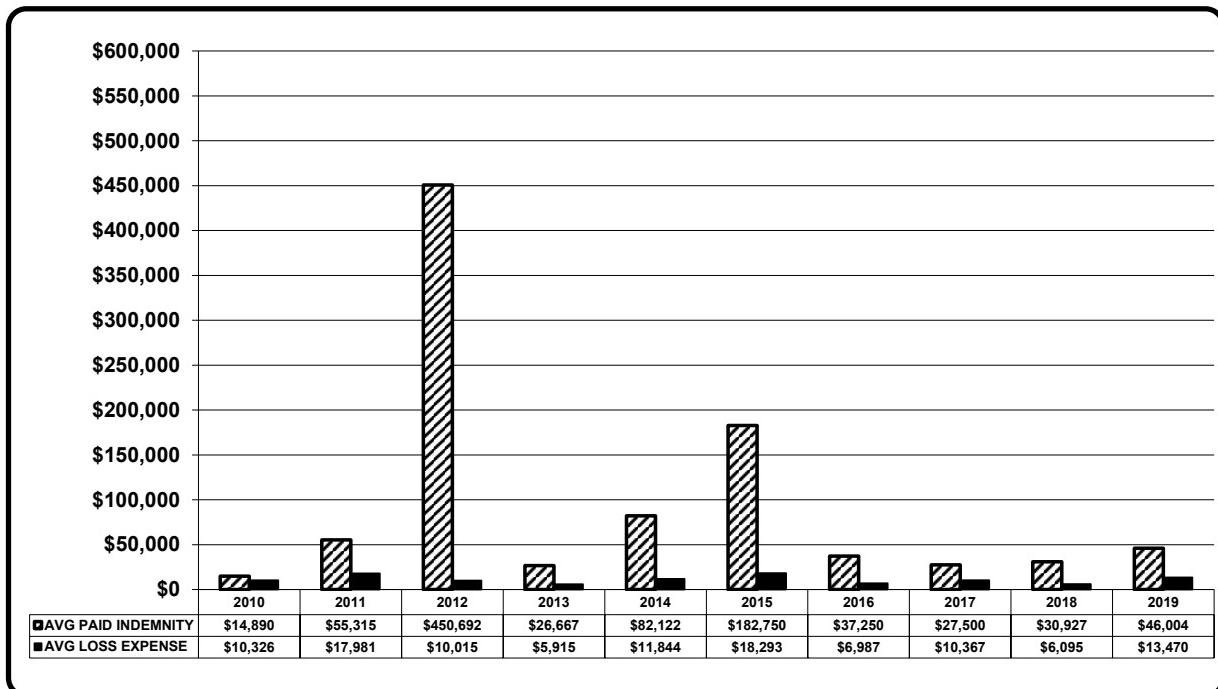


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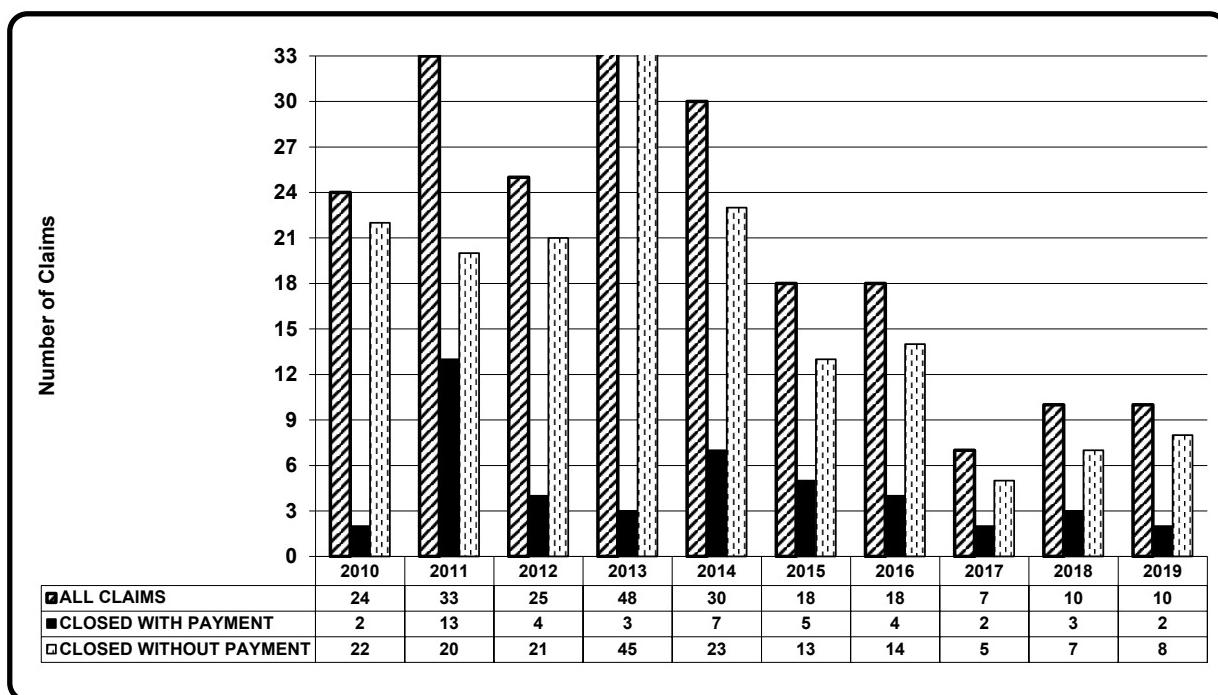


## REAL ESTATE

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

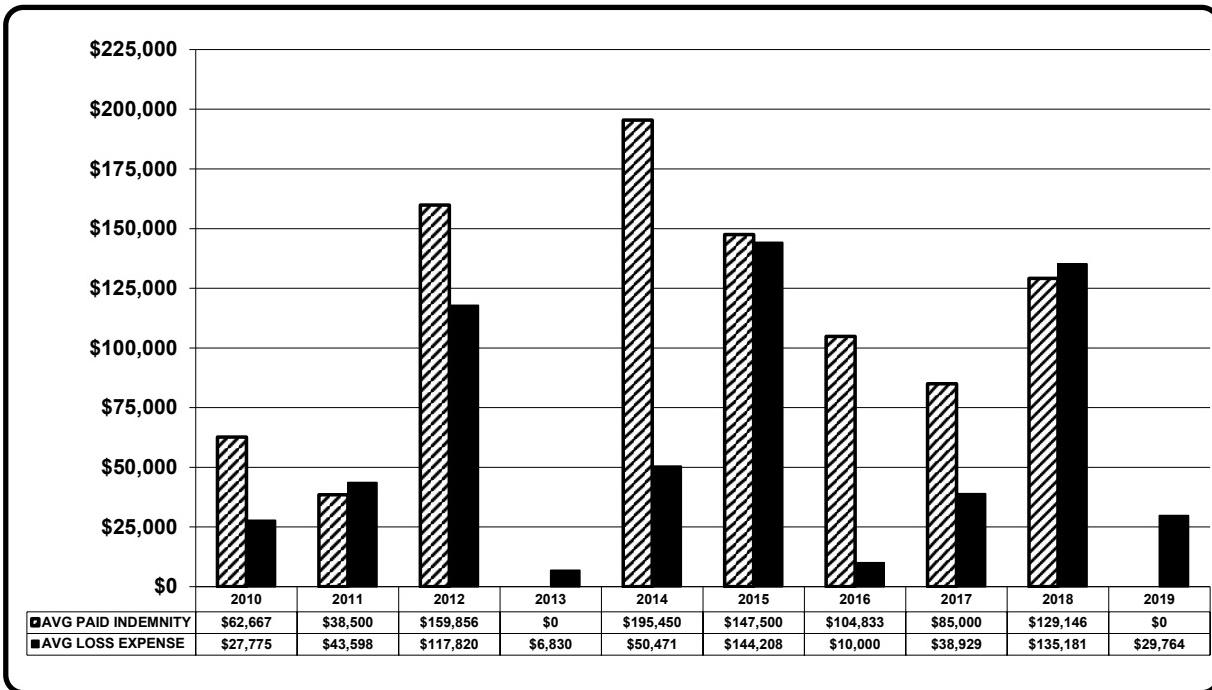


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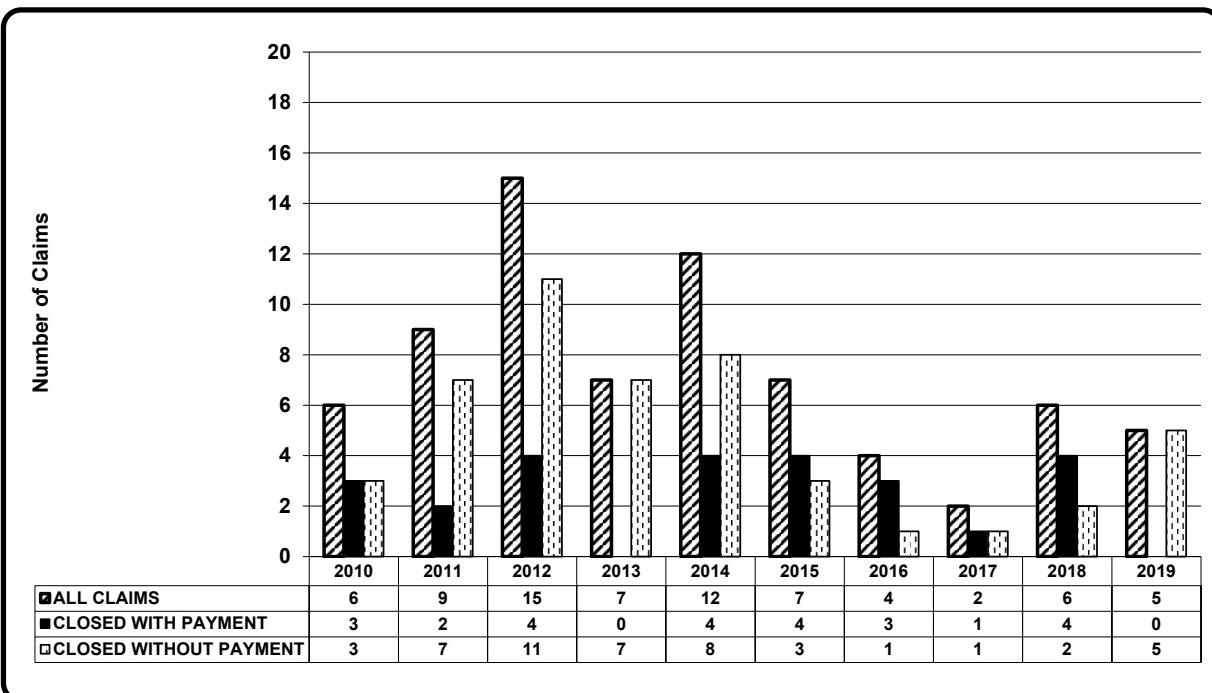


## BUSINESS TRANSACTION/COMMERCIAL LAW

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

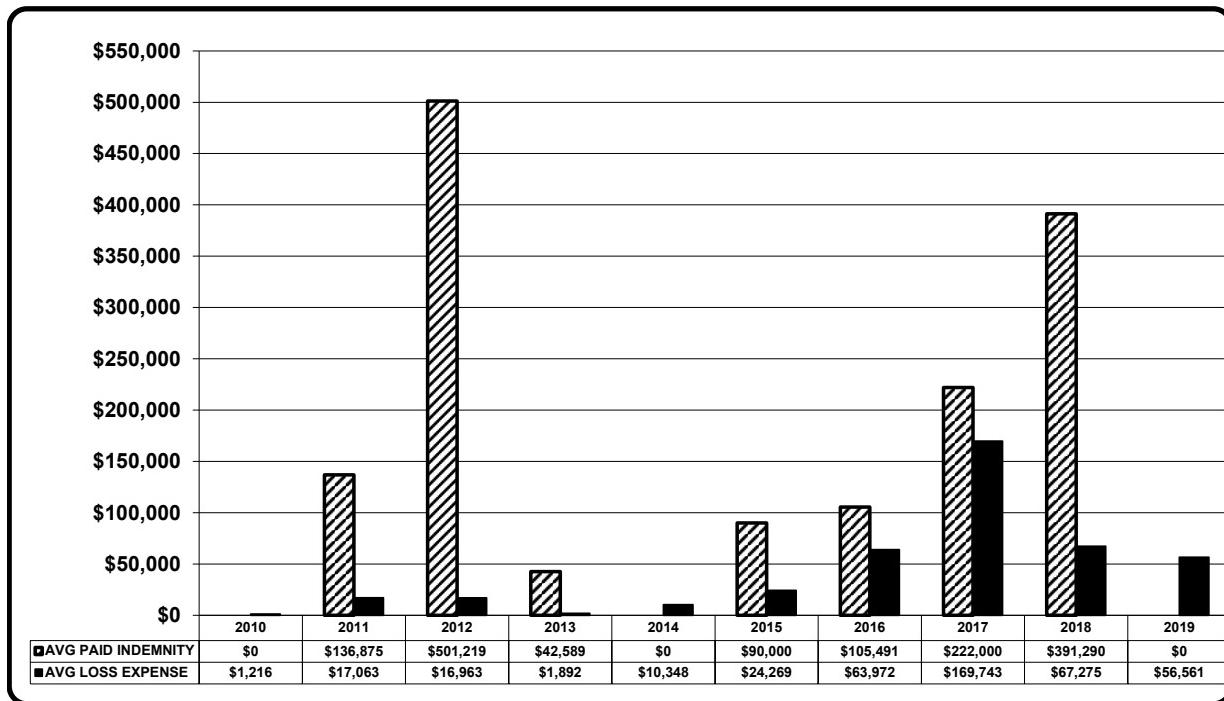


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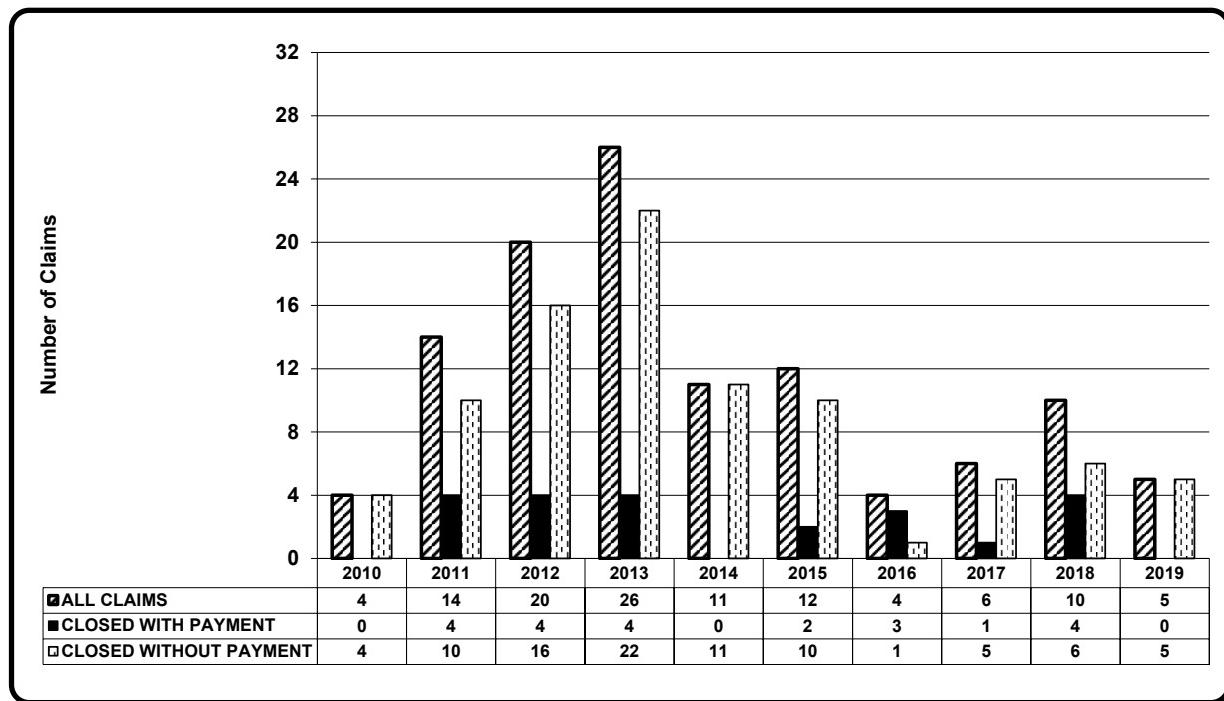


## CORPORATE & BUSINESS ORGANIZATION

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

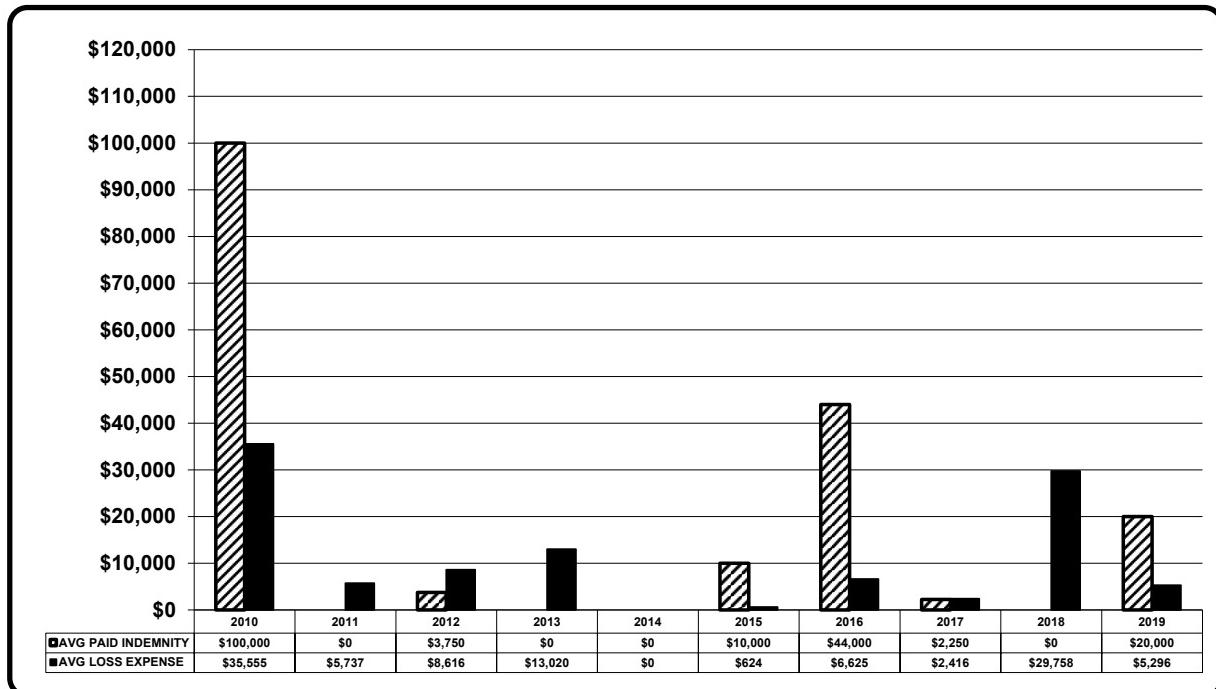


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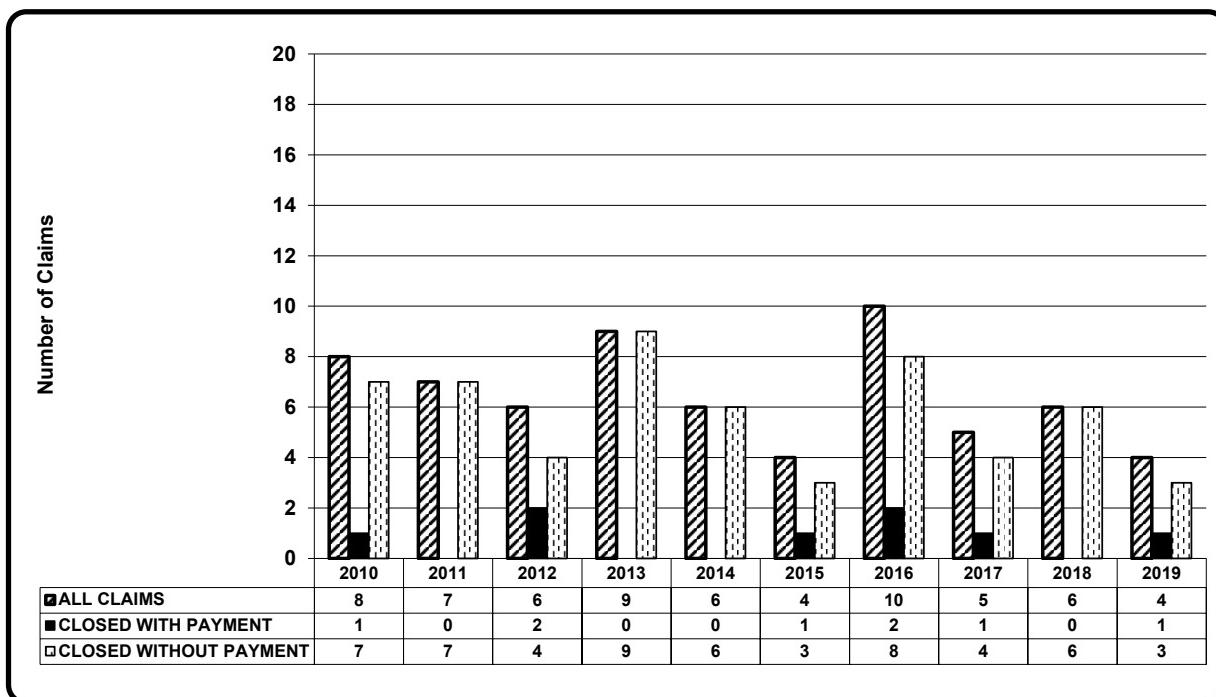


## CRIMINAL

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

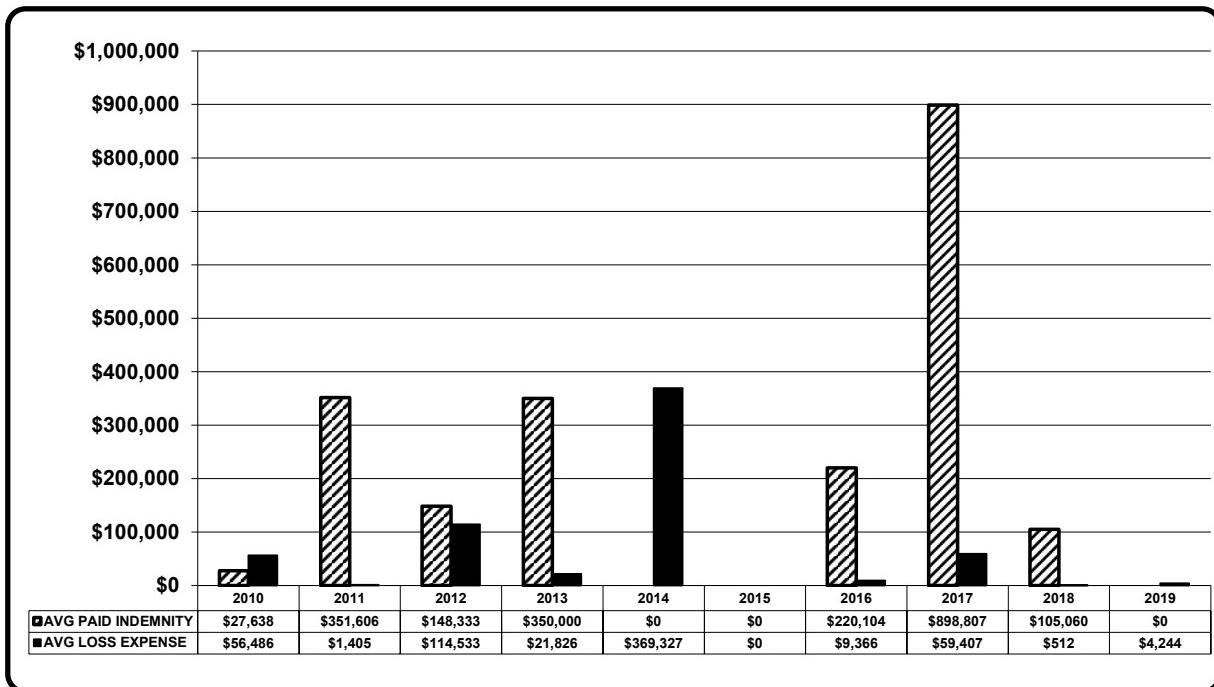


### CLAIM COUNT

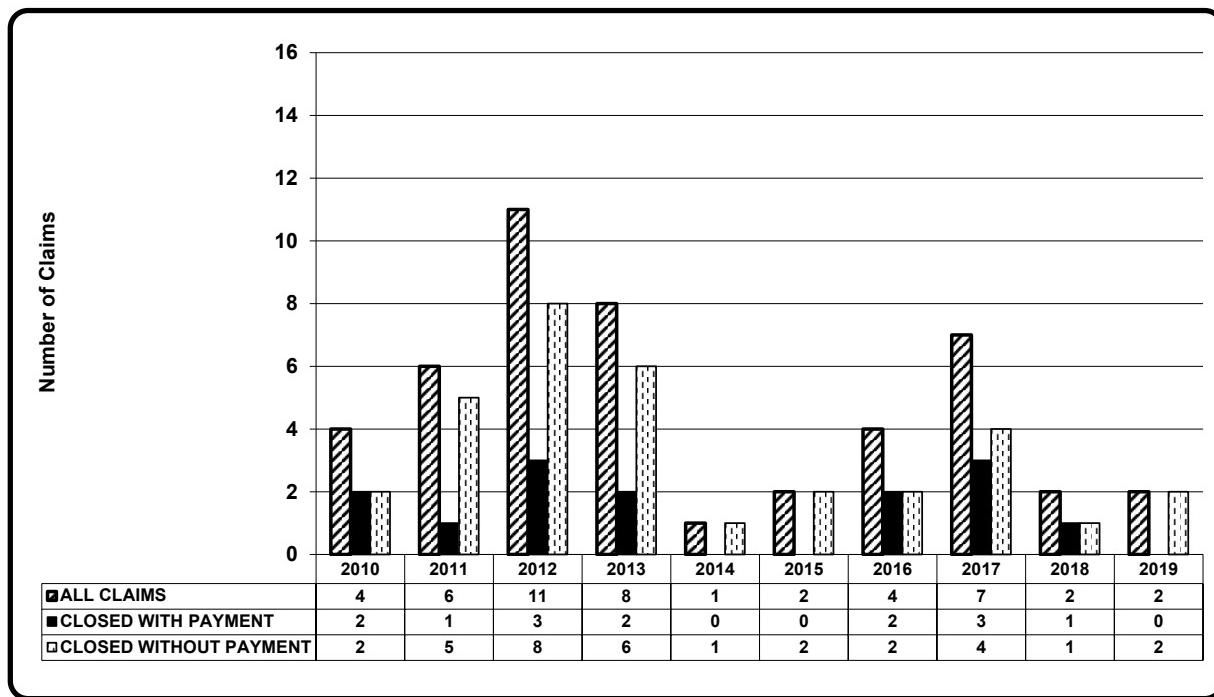


## BI/PD - DEFENDANT

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

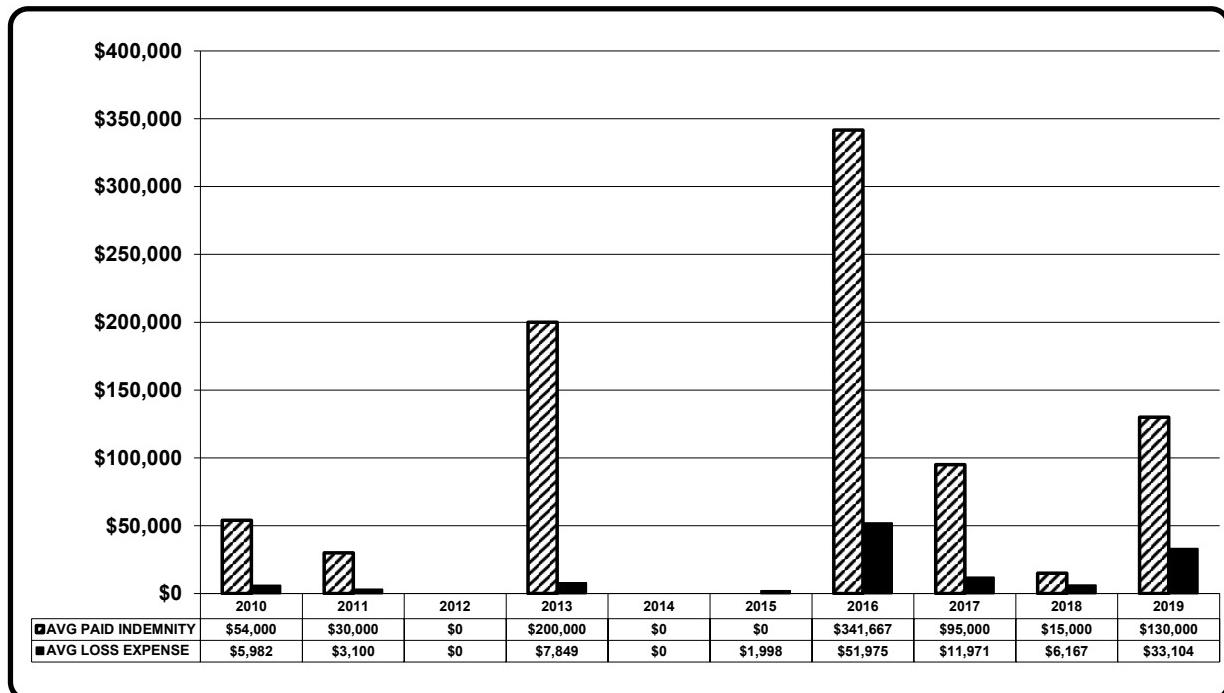


### CLAIM COUNT

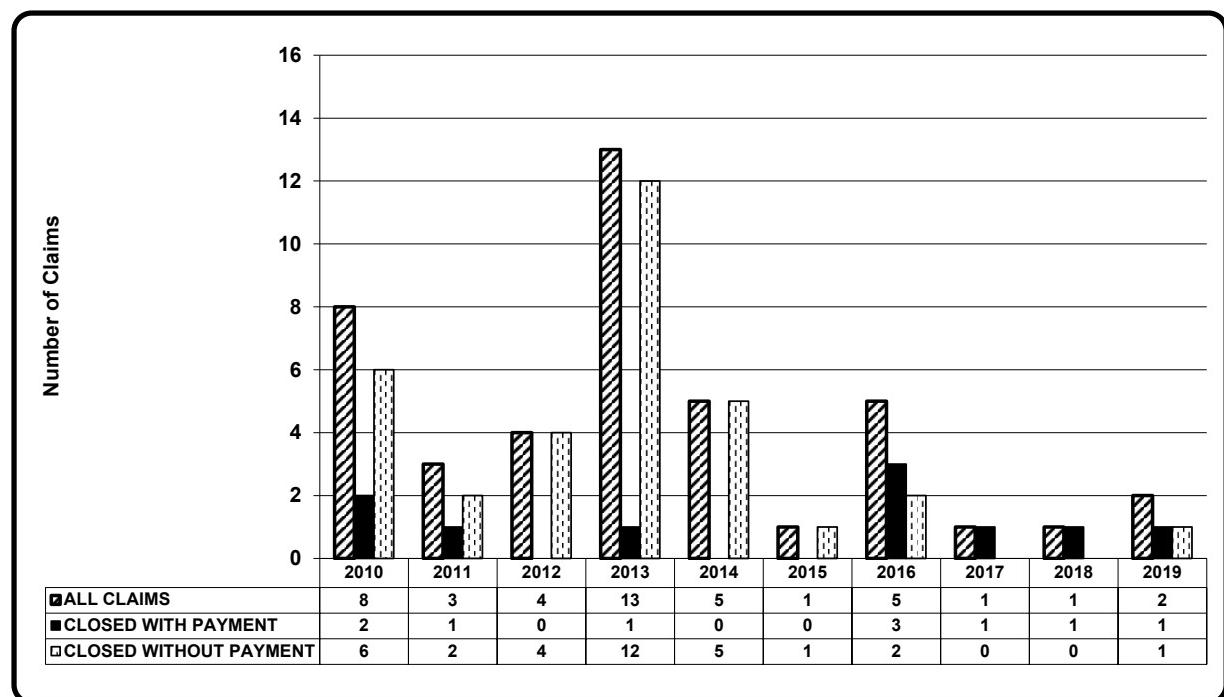


## CIVIL RIGHTS & COMMISSION

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



### CLAIM COUNT



**TEN YEAR SUMMARY  
&  
2019 SUMMARY  
BY  
MAJOR ACTIVITY**



**LEGAL MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
FOR YEARS 2010-2019**

MAJOR ACTIVITY CODE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS							
							COMMENCEMENT OF ACTION OR PROCEEDING	OTHER	PREPARATION, TRANSMITTAL OR FILING	PRE-TRIAL, PRE-HEARING	SETTLEMENT AND NEGOTIATION	CONSULTATION OR ADVICE	TRIAL OR HEARING	INVESTIGATION, OTHER THAN LITIGATION
COMMENCEMENT OF ACTION OR PROCEEDING	590	128	25.50%	\$136,675	\$17,494,418	23.01%	\$16,586							
OTHER	523	110	21.91%	\$128,038	\$14,084,175	18.52%	\$15,227							
PREPARATION, TRANSMITTAL OR FILING	191	81	16.14%	\$96,648	\$7,828,503	10.30%	\$22,983							
PRE-TRIAL, PRE-HEARING	178	61	12.15%	\$166,494	\$10,156,156	13.36%	\$36,104							
SETTLEMENT AND NEGOTIATION	104	36	7.17%	\$250,378	\$9,013,620	11.85%	\$18,427							
CONSULTATION OR ADVICE	98	25	4.98%	\$168,507	\$4,212,683	5.54%	\$36,141							
TRIAL OR HEARING	48	18	3.59%	\$359,790	\$6,476,211	8.52%	\$38,629							
INVESTIGATION, OTHER THAN LITIGATION	42	11	2.19%	\$113,520	\$1,248,725	1.64%	\$24,284							
OTHER WRITTEN OPINION	34	7	1.39%	\$133,447	\$934,128	1.23%	\$26,037							
APPEAL ACTIVITIES	28	6	1.20%	\$55,767	\$334,602	0.44%	\$11,420							
POST TRIAL OR HEARING	26	8	1.59%	\$357,206	\$2,857,650	3.76%	\$26,552							
EXPARTE PROCEEDINGS	11	2	0.40%	\$22,357	\$44,713	0.06%	\$23,500							
TAX REPORTING OR PAYMENT	11	4	0.80%	\$119,673	\$478,693	0.63%	\$33,744							
REFERRAL TO ANOTHER PROFESSIONAL	7	3	0.60%	\$107,667	\$323,000	0.42%	\$13,092							
TITLE OPINION	2	2	0.40%	\$275,000	\$550,000	0.72%	\$39,466							
<b>TOTAL</b>	<b>1,893</b>	<b>502</b>	<b>100.00%</b>	<b>\$151,469</b>	<b>\$76,037,277</b>	<b>100.00%</b>	<b>\$20,916</b>							

## LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 2019

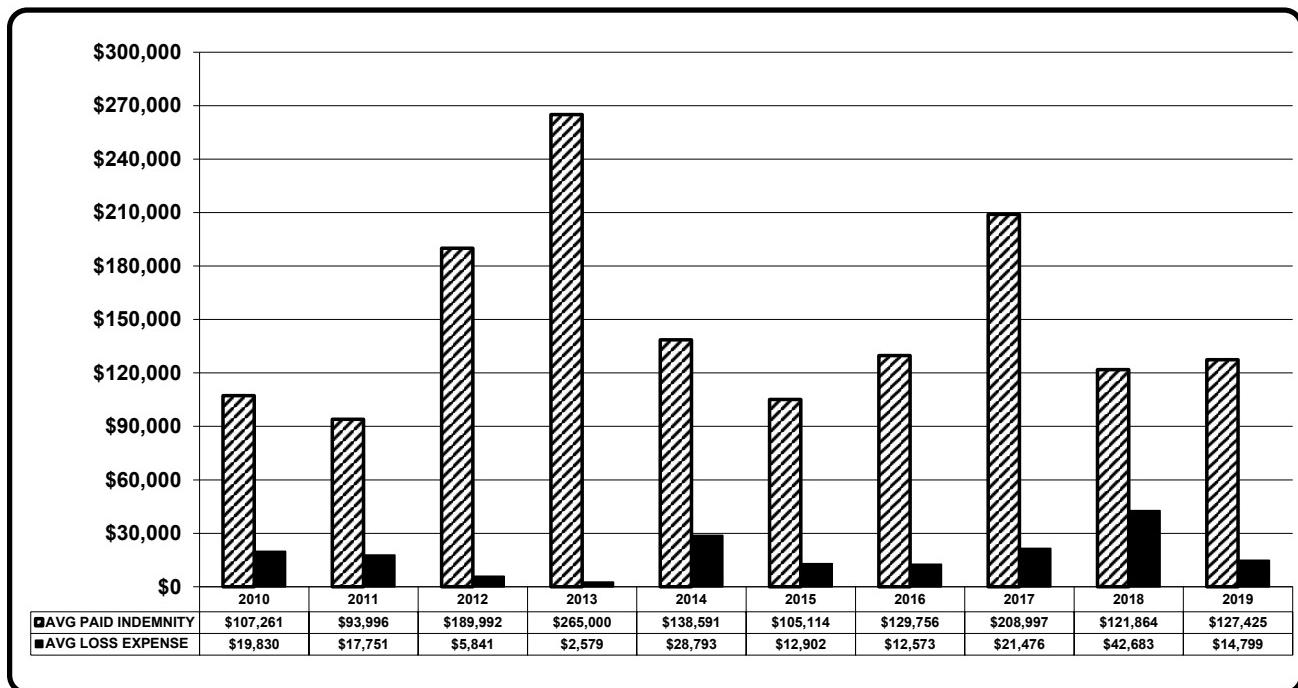
MAJOR ACTIVITY CODE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
COMMENCEMENT OF ACTION OR PROCEED	18	5	16.67%	\$127,425	\$637,127	9.30%	\$14,799
PREPARATION, TRANSMITTAL OR FILING	17	8	26.67%	\$121,048	\$968,386	14.14%	\$16,519
CONSULTATION OR ADVICE	12	3	10.00%	\$76,416	\$229,249	3.35%	\$5,793
PRE-TRIAL, PRE-HEARING	10	4	13.33%	\$57,500	\$230,000	3.36%	\$7,683
OTHER	8	2	6.67%	\$482,500	\$965,000	14.09%	\$38,067
INVESTIGATION, OTHER THAN LITIGATION	5	0	0.00%	N/A	\$0	0.00%	\$14,672
SETTLEMENT AND NEGOTIATION	5	4	13.33%	\$931,625	\$3,726,500	54.40%	\$53,811
TRIAL OR HEARING	4	2	6.67%	\$2,354	\$4,708	0.07%	\$2,579
APPEAL ACTIVITIES	3	1	3.33%	\$50,000	\$50,000	0.73%	\$5,088
EXPARTE PROCEEDINGS	1	1	3.33%	\$39,713	\$39,713	0.58%	\$4,117
OTHER WRITTEN OPINION	1	0	0.00%	N/A	\$0	0.00%	\$12,801
POST TRIAL OR HEARING	1	0	0.00%	N/A	\$0	0.00%	\$0
TOTAL	85	30	100.00%	\$228,356	\$6,850,683	100.00%	\$16,271

**TRENDS  
OF THE TOP TEN  
MAJOR ACTIVITY  
OF 2019**

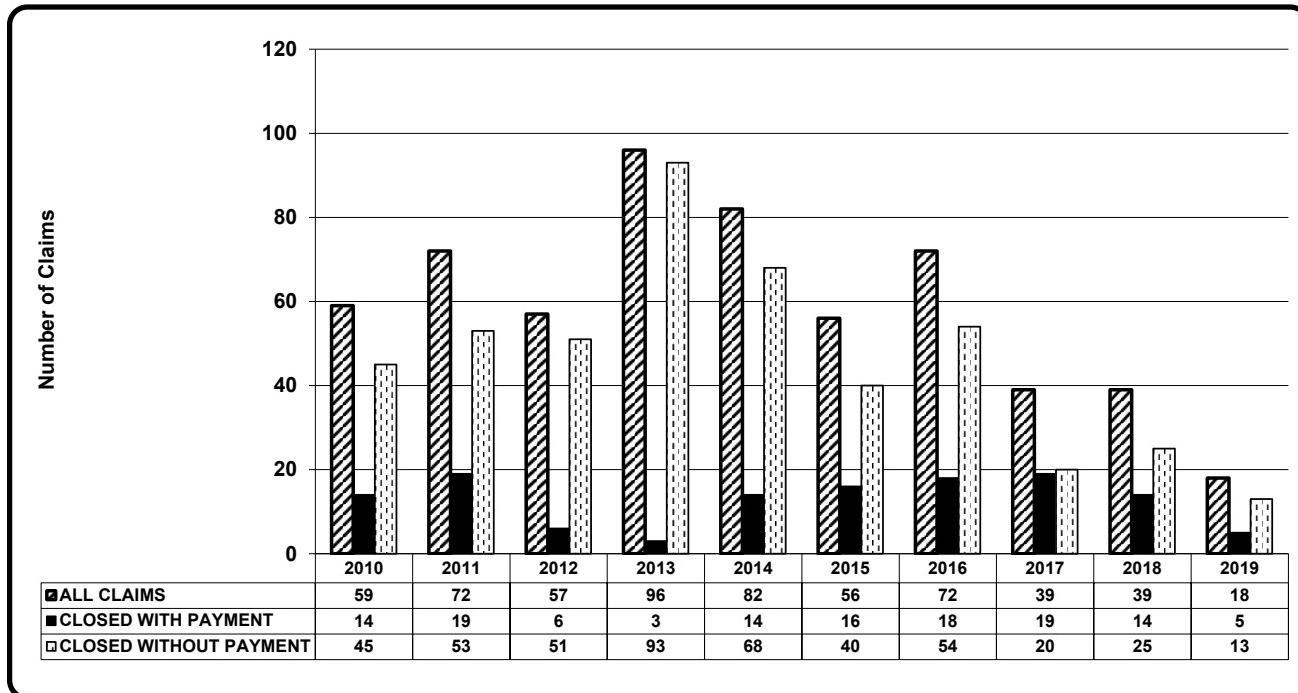


## COMMENCEMENT OF ACTION OR PROCEEDING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

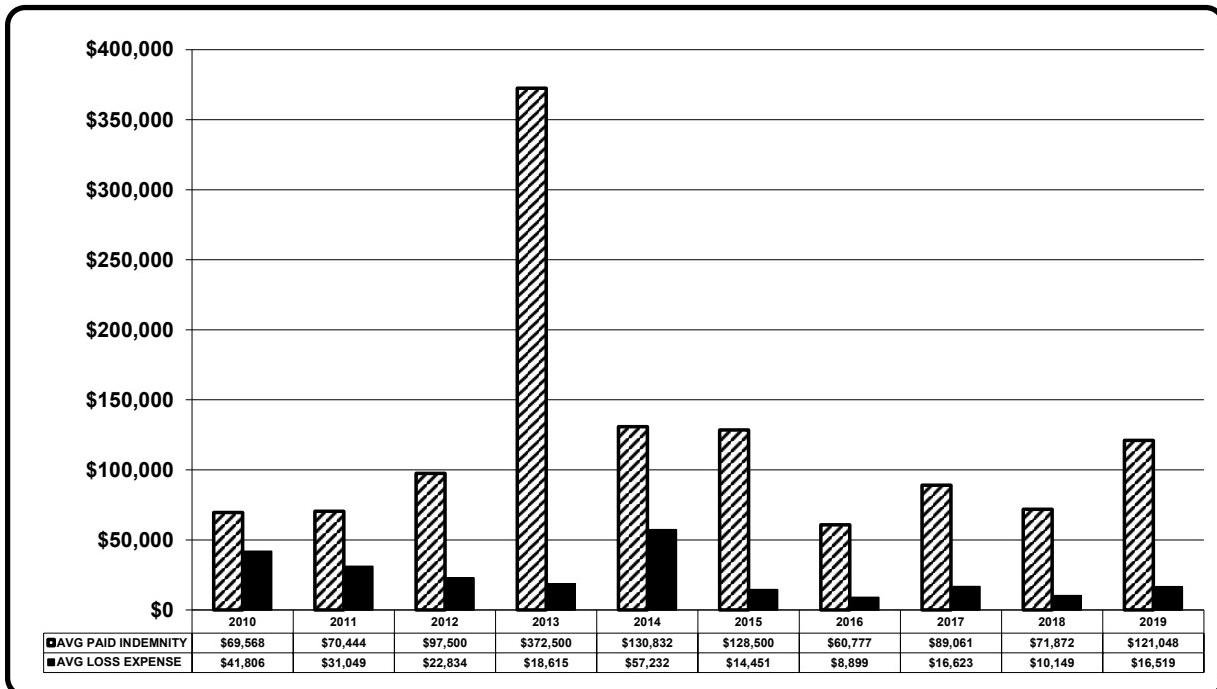


## CLAIM COUNT

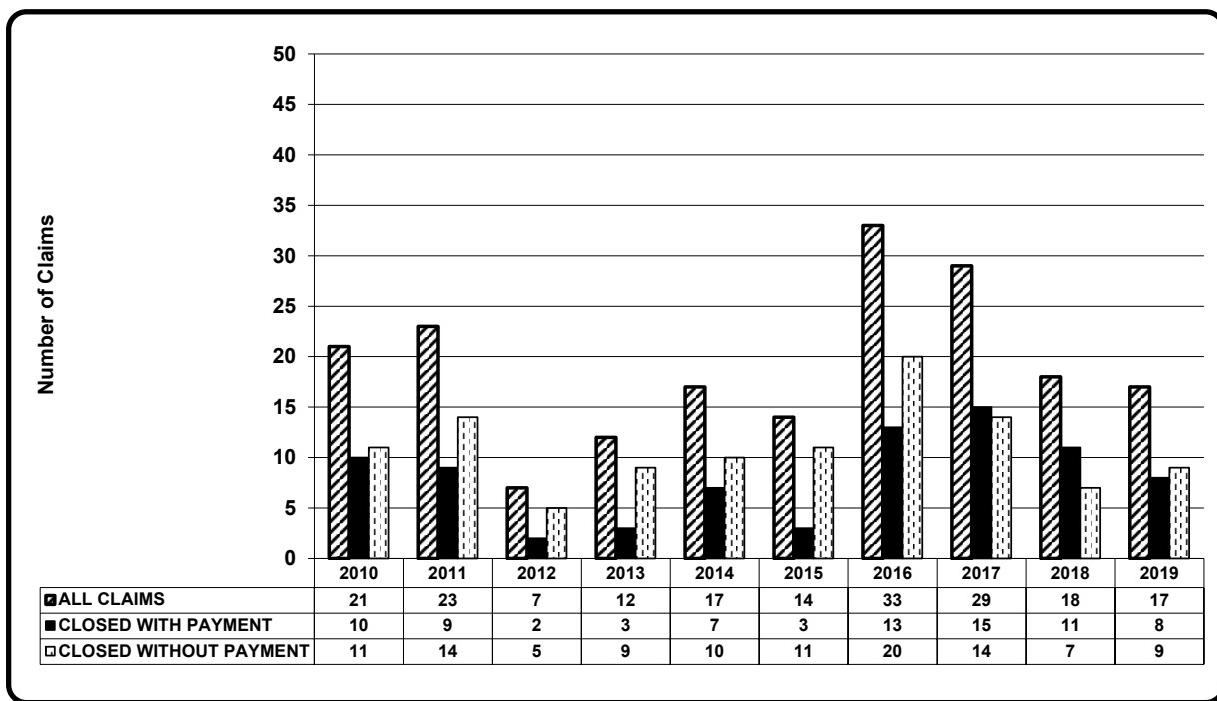


## PREPARATION, TRANSMITTAL OR FILING

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

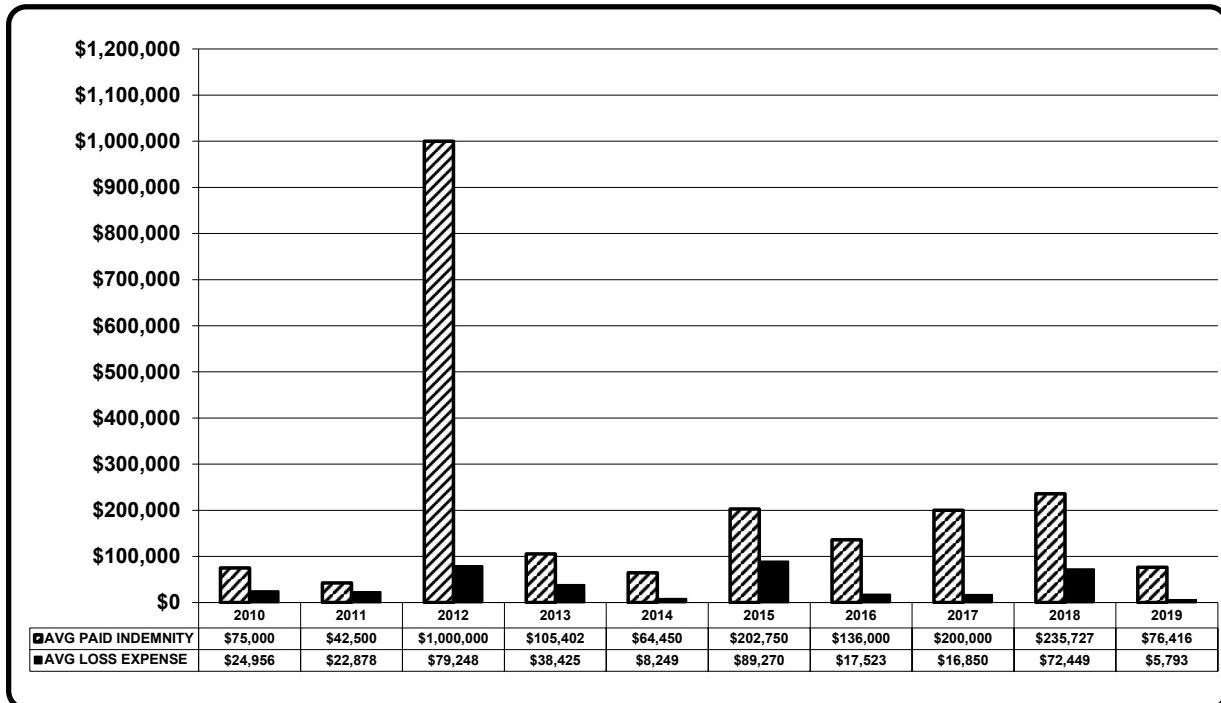


### CLAIM COUNT

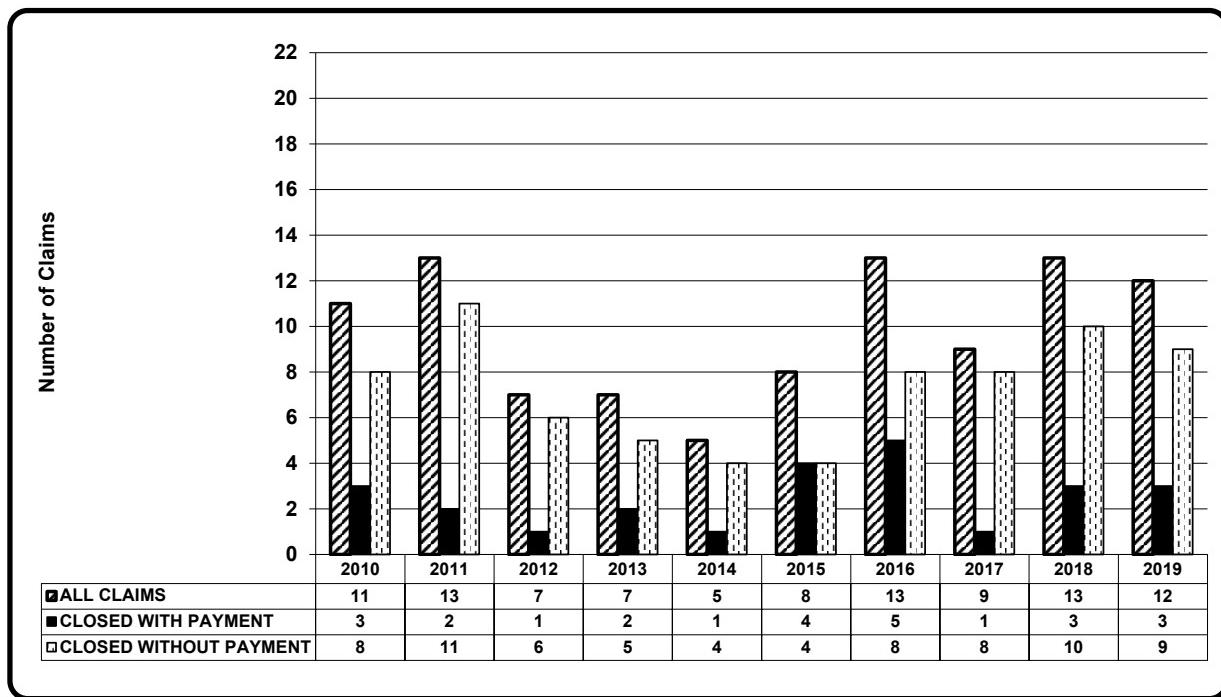


## CONSULTATION OR ADVICE

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

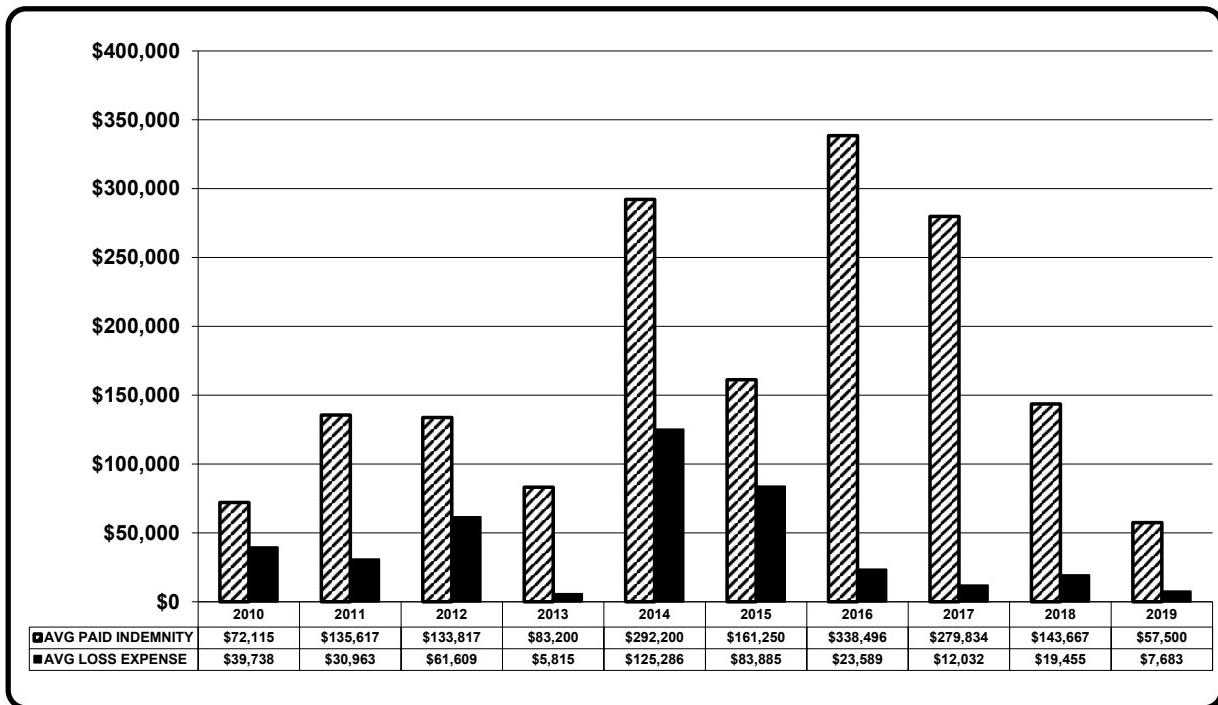


### CLAIM COUNT

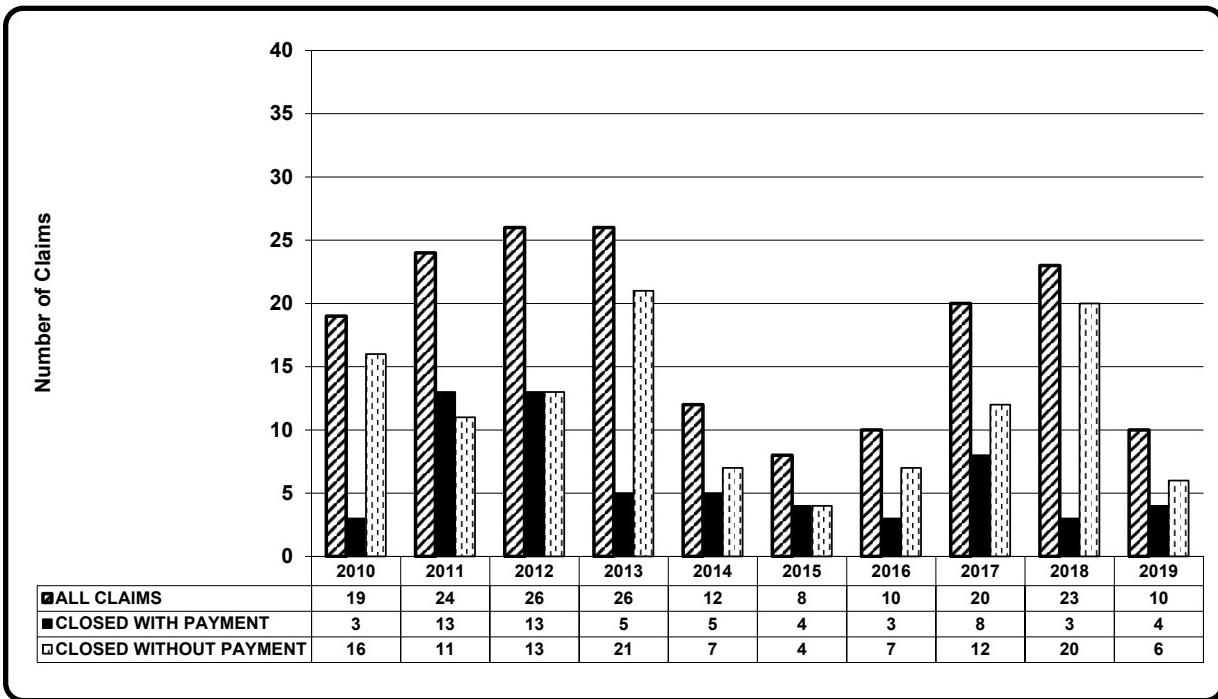


## PRE-TRIAL, PRE-HEARING

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

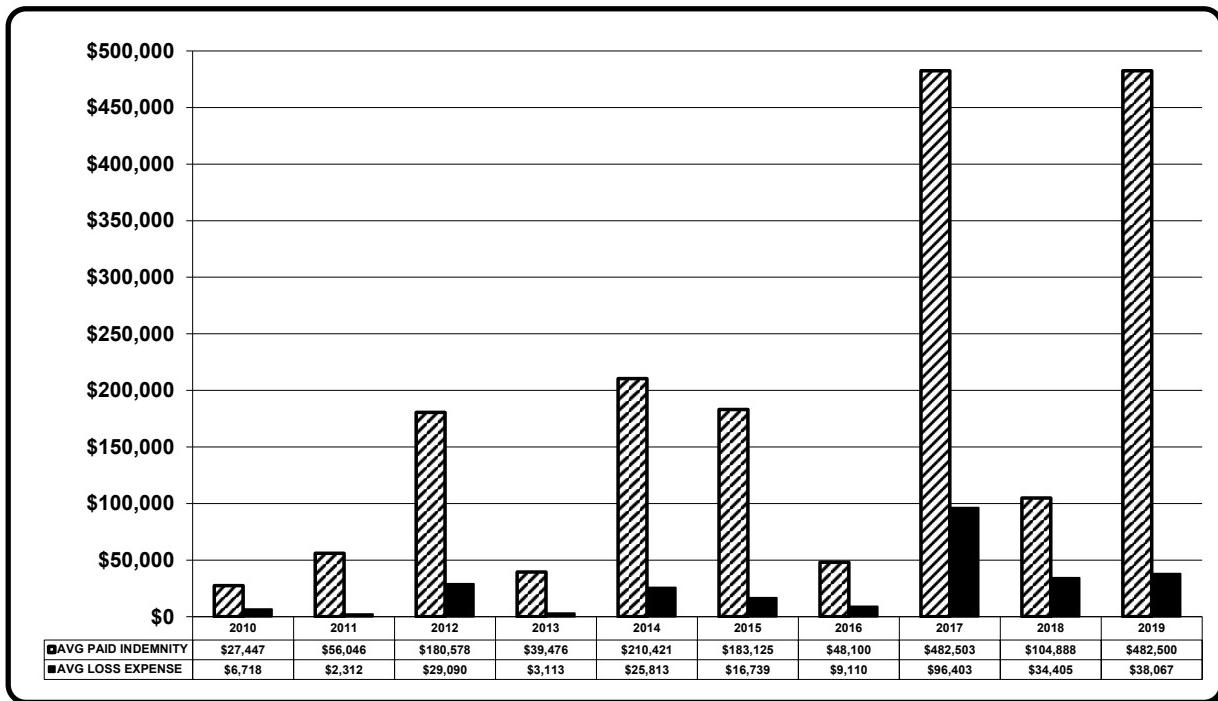


### CLAIM COUNT

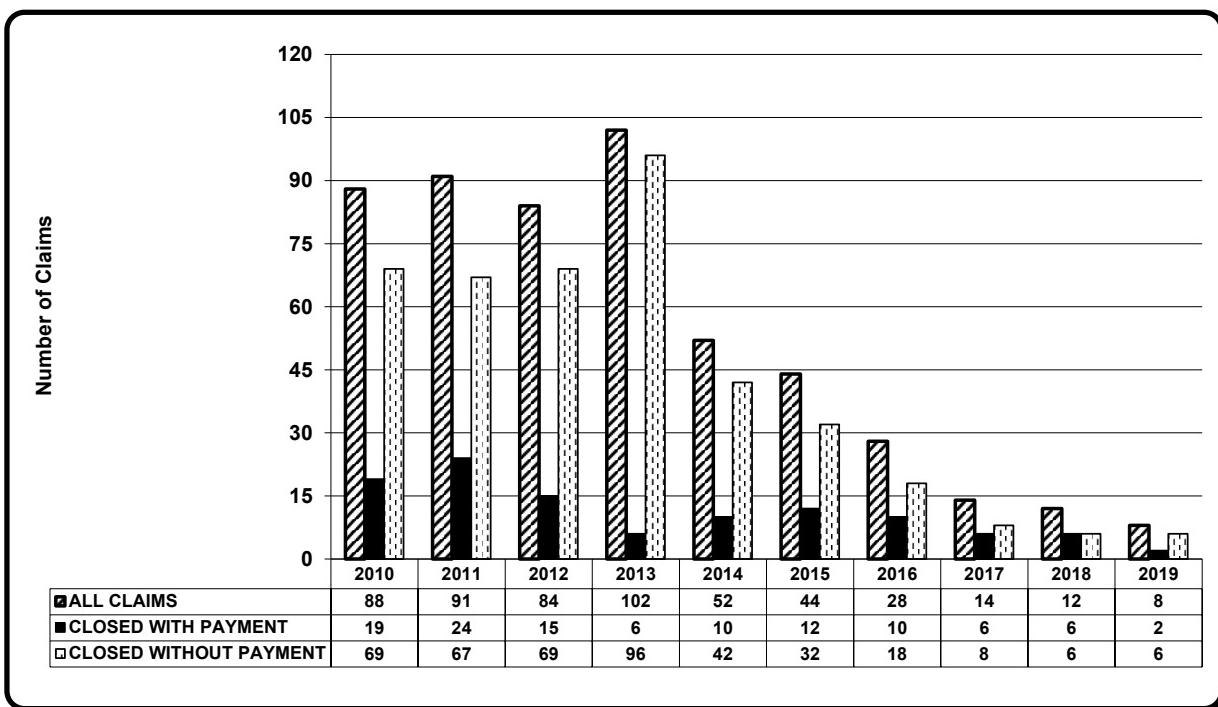


## OTHER

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

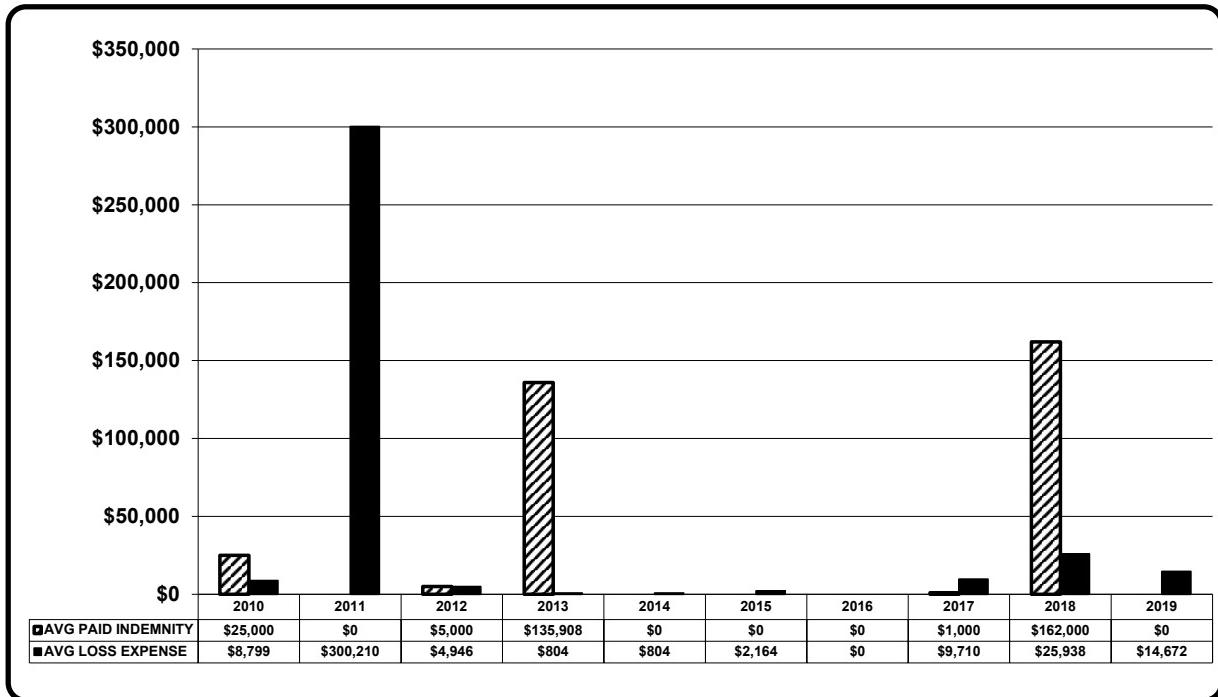


### CLAIM COUNT

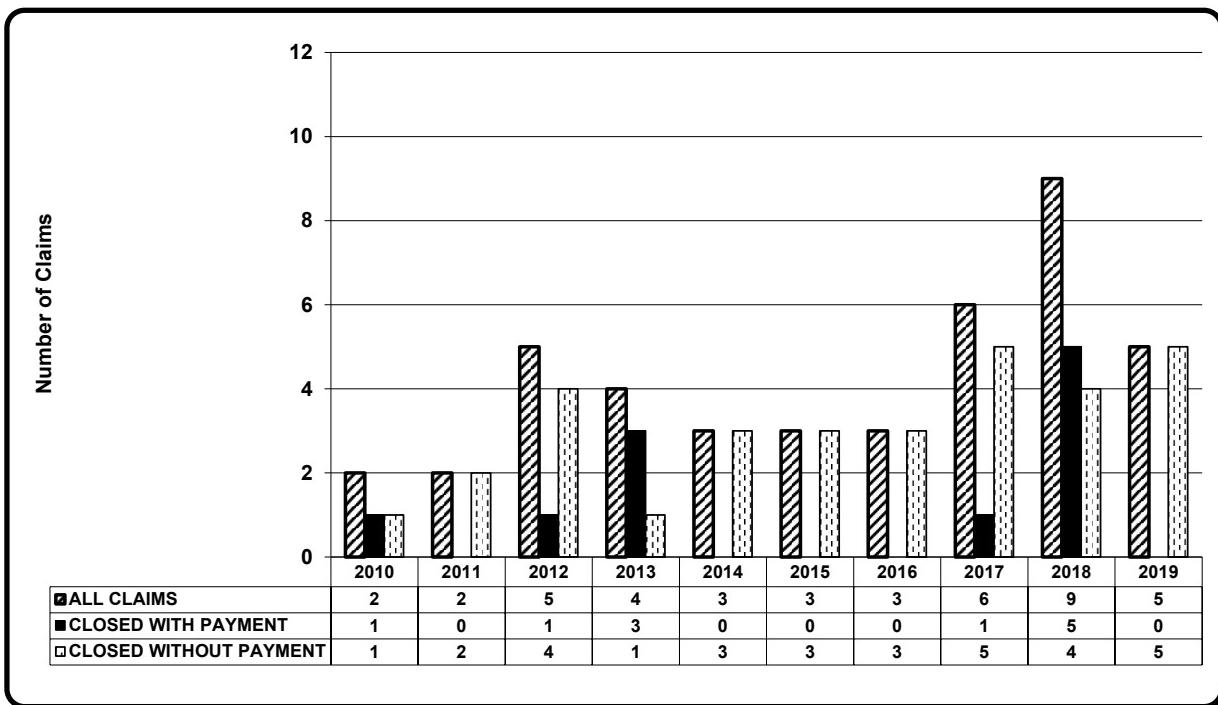


## INVESTIGATION, OTHER THAN LITIGATION

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

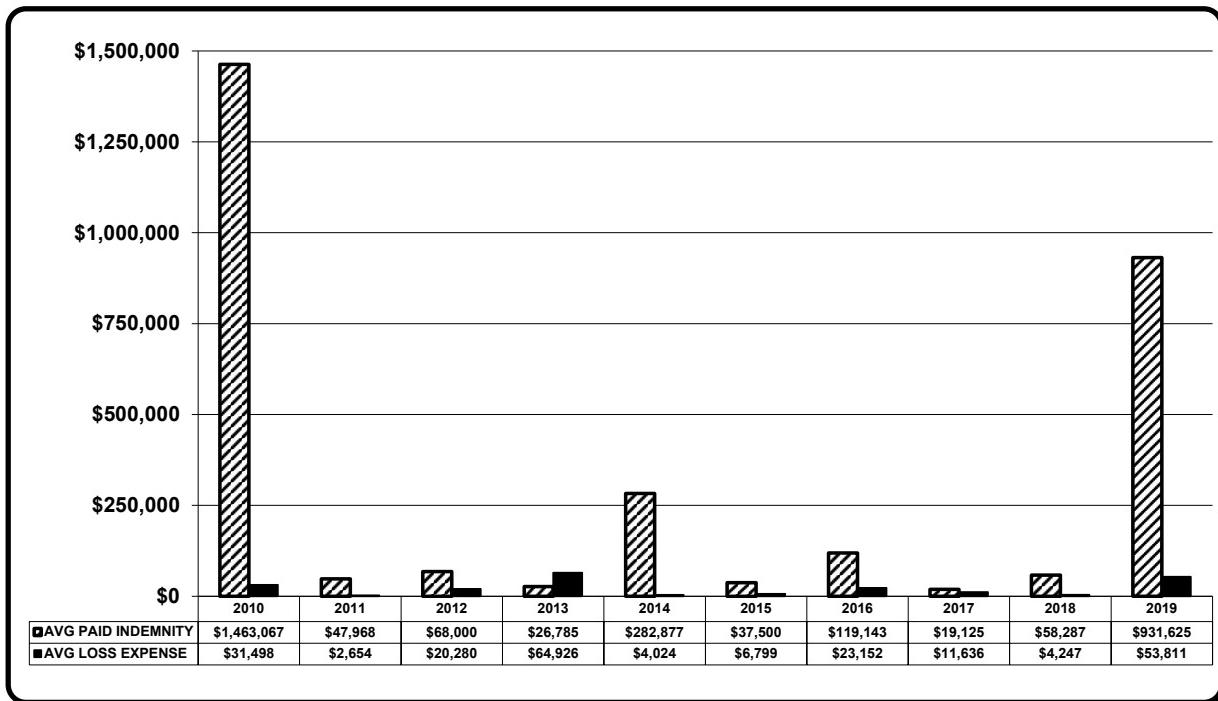


## CLAIM COUNT

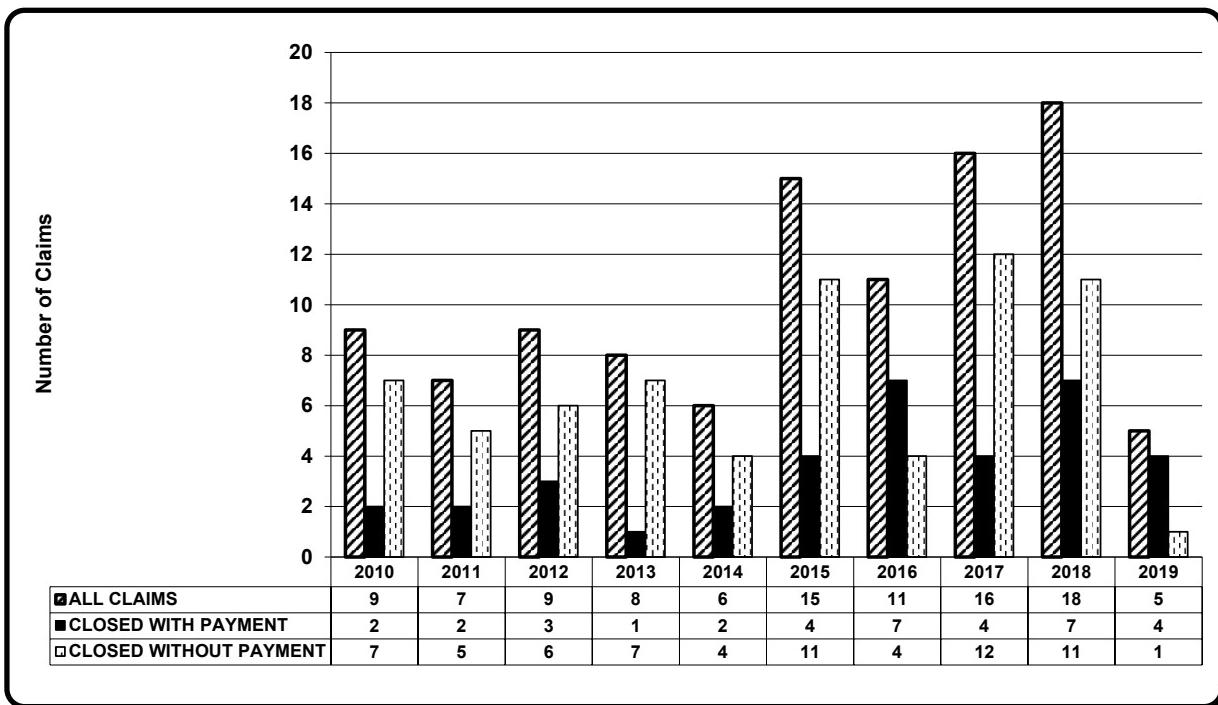


## SETTLEMENT AND NEGOTIATION

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

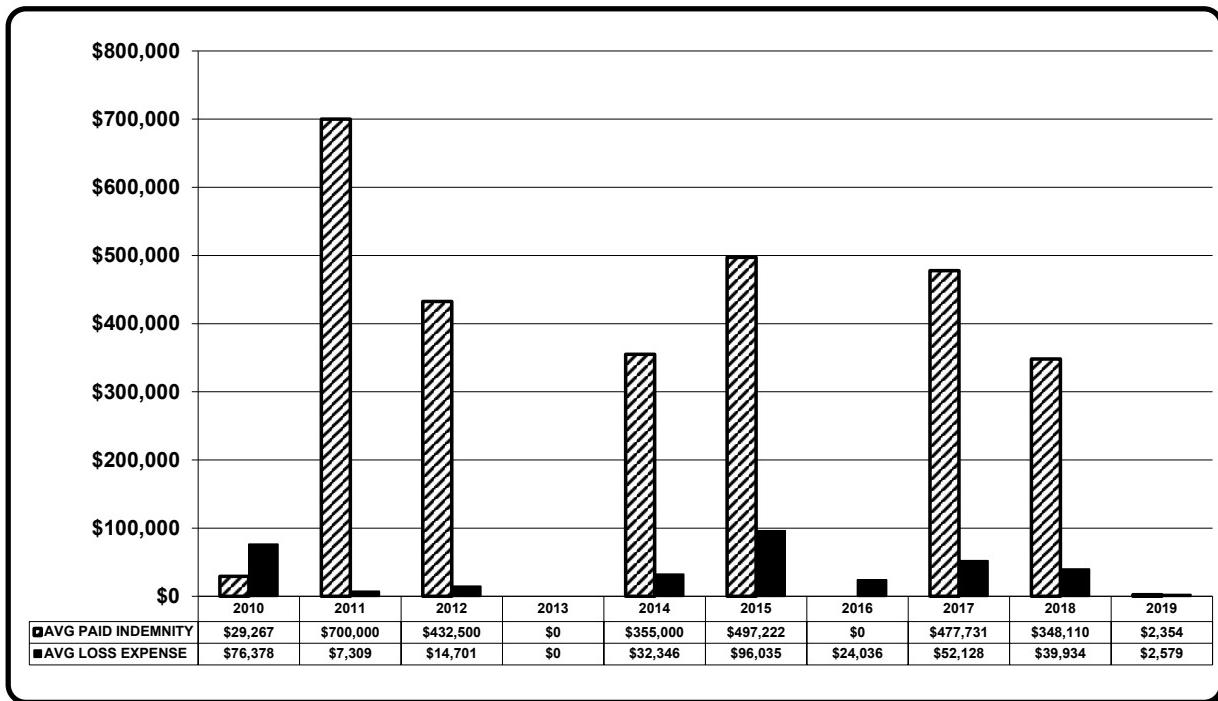


### CLAIM COUNT

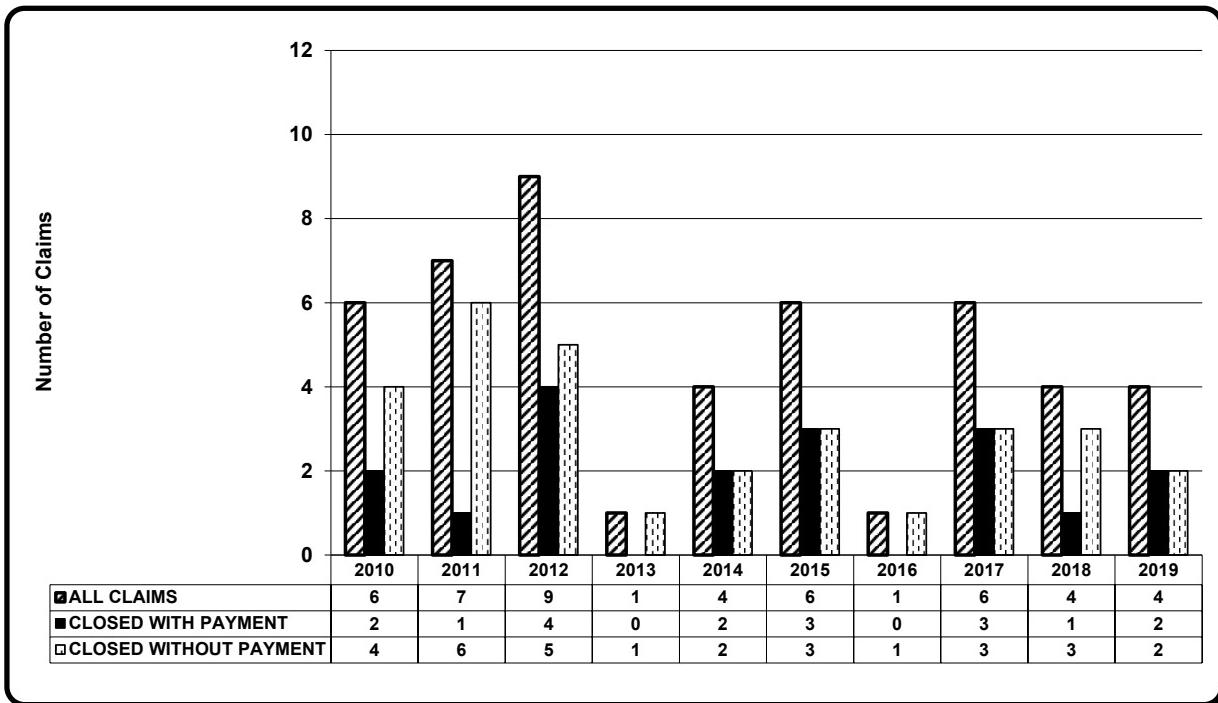


## TRIAL OR HEARING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

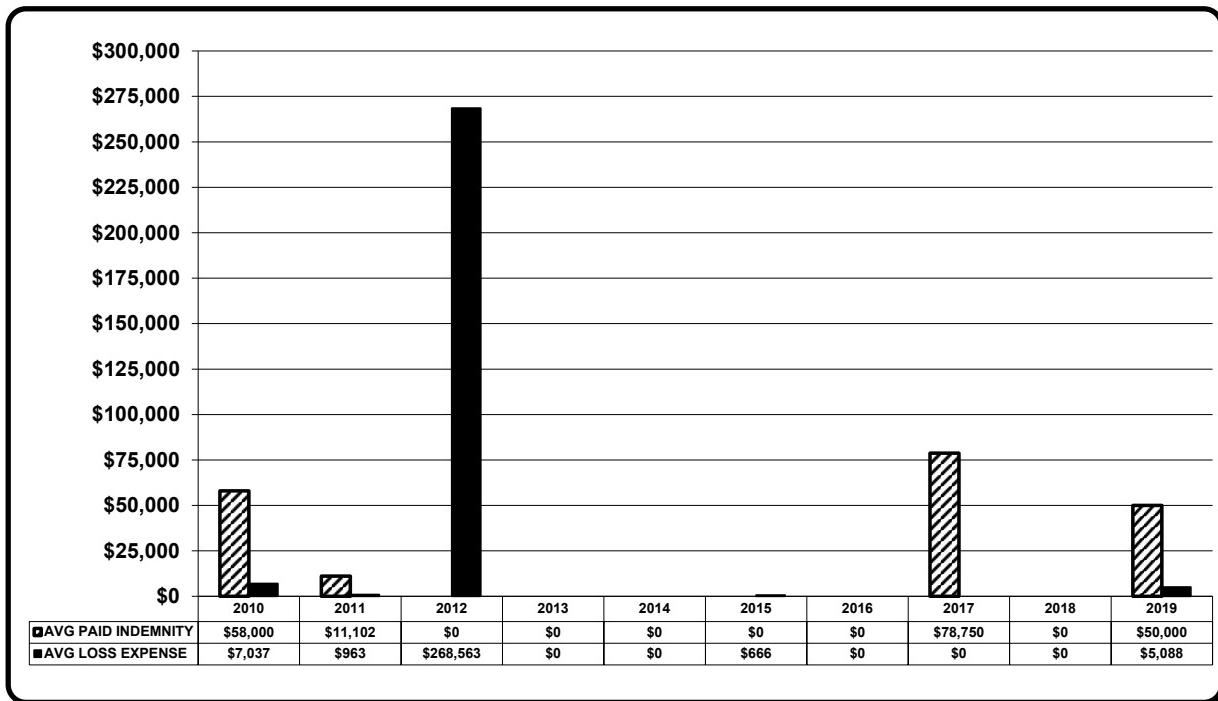


## CLAIM COUNT

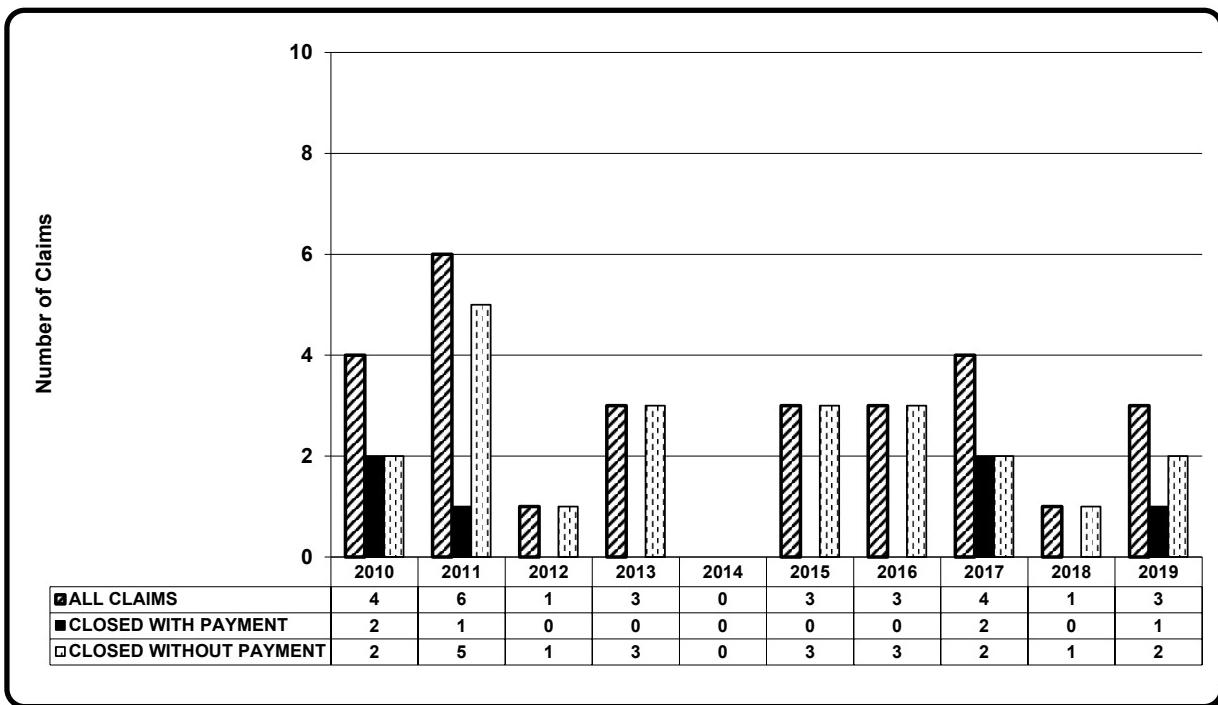


## APPEALS ACTIVITIES

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

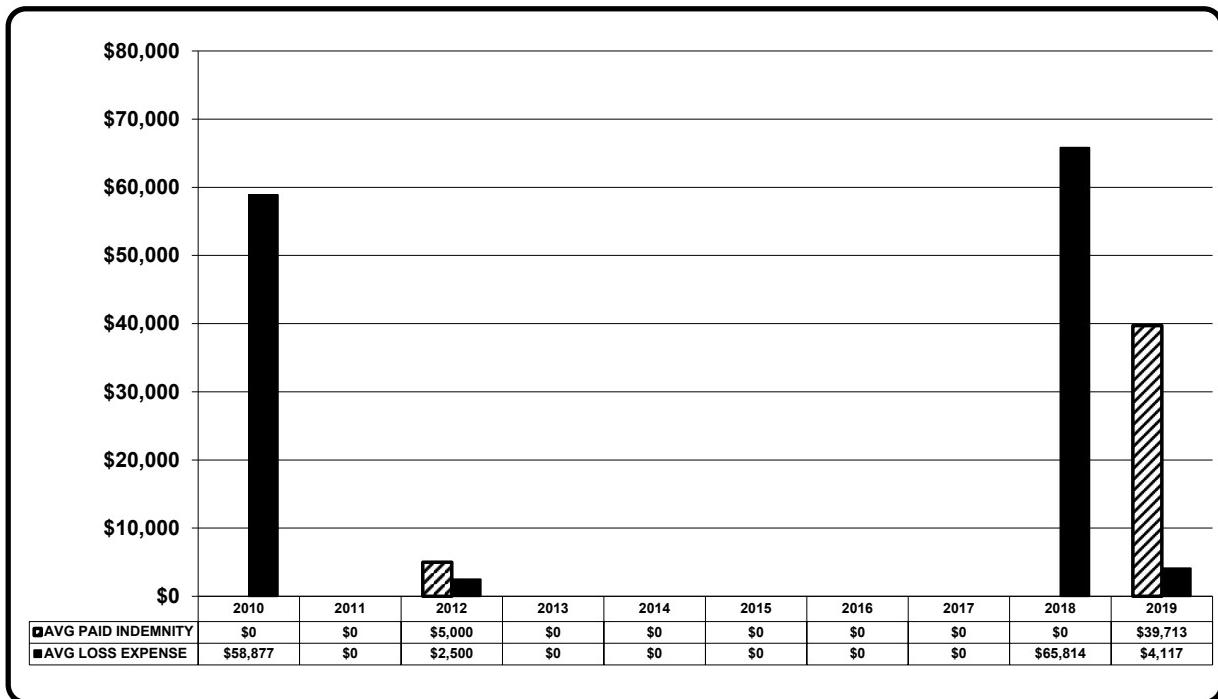


### CLAIM COUNT

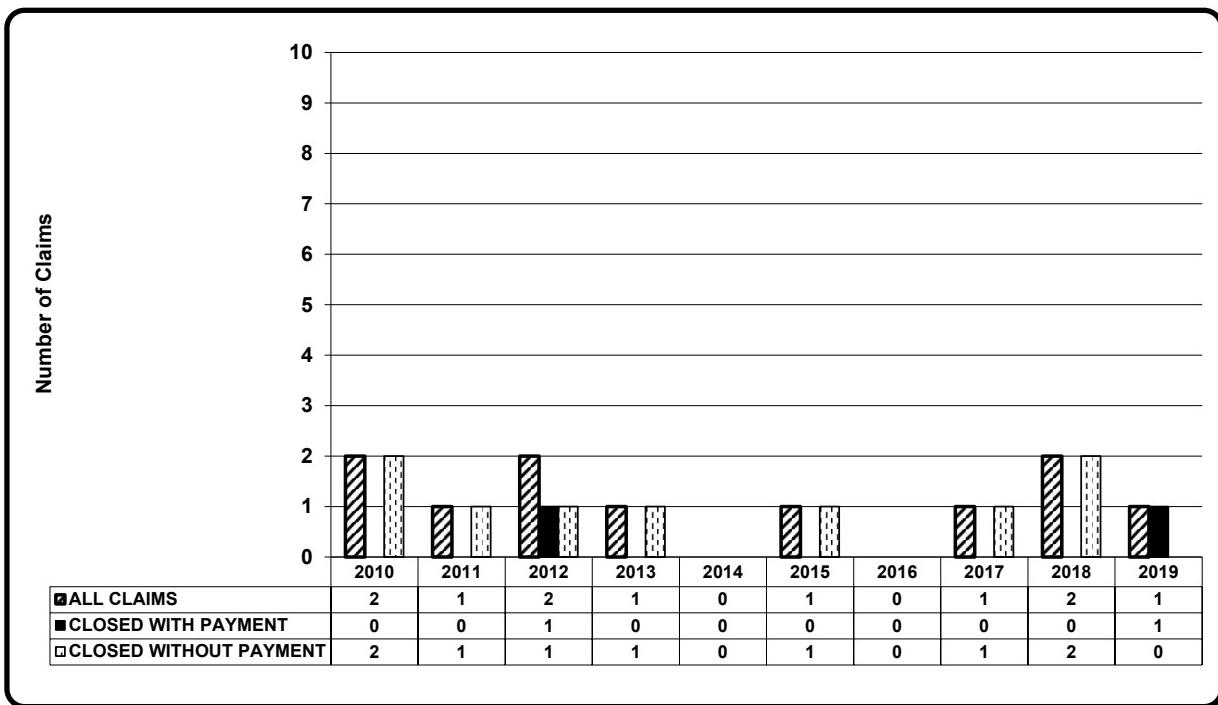


## EX PARTE PROCEEDINGS

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



### CLAIM COUNT



**TEN YEAR SUMMARY  
&  
2019 SUMMARY  
BY  
ALLEGED ERRORS OR OMISSIONS**



# LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 2010-2019

ERROR OR OMISSION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
							\$4,966,056
OTHER	439	54	10.76%	\$91,964	\$4,966,056	6.53%	\$11,983
FAIL TO ASCERTAIN DEADLINE CORRECTLY	236	74	14.74%	\$148,398	\$10,981,474	14.44%	\$7,229
PLANNING OR STRATEGY ERROR	207	61	12.15%	\$270,245	\$16,484,922	21.68%	\$27,152
FAIL TO KNOW OR PROPERLY APPLY THE LAW	170	58	11.55%	\$129,254	\$7,496,705	9.86%	\$24,246
INADEQUATE INVESTIGATION	127	43	8.57%	\$141,375	\$6,079,116	7.99%	\$33,045
FAIL TO FOLLOW CLIENTS INSTRUCTIONS	91	22	4.38%	\$175,071	\$3,851,569	5.07%	\$19,387
FRAUD	83	19	3.78%	\$113,356	\$2,153,766	2.83%	\$42,753
PROCRASTINATION OR LACK OF FOLLOW-UP	78	21	4.18%	\$205,374	\$4,312,852	5.67%	\$20,120
MALICIOUS PROSECUTION OR ABUSE OF PROCESS	74	18	3.59%	\$39,991	\$719,833	0.95%	\$29,800
CONFLICT OF INTEREST	68	24	4.78%	\$268,585	\$6,446,051	8.48%	\$76,290
FAIL TO FILE DOCUMENTS WITH NO DEADLINE	63	24	4.78%	\$47,410	\$1,137,840	1.50%	\$12,260
FAILURE TO CALENDAR PROPERLY	54	32	6.37%	\$132,840	\$4,250,866	5.59%	\$14,748
FAIL TO OBTAIN CLIENTS CONSENT	40	6	1.20%	\$486,694	\$2,920,161	3.84%	\$24,134
VIOLATION OF CIVIL RIGHTS	32	5	1.00%	\$70,120	\$350,600	0.46%	\$9,807
CLERICAL ERROR	31	10	1.99%	\$57,584	\$575,842	0.76%	\$15,246
FAILURE TO REACT TO CALENDAR	29	11	2.19%	\$90,846	\$999,307	1.31%	\$4,479
ERROR IN MATHEMATICAL CALCULATION	17	9	1.79%	\$52,294	\$470,648	0.62%	\$14,154
IMPROPER WITHDRAWAL FROM REPRESENTATION	16	2	0.40%	\$23,750	\$47,500	0.06%	\$5,164
FAIL TO ANTICIPATE TAX CONSEQUENCES	14	4	0.80%	\$373,417	\$1,493,669	1.96%	\$29,290
LIBEL OR SLANDER	14	2	0.40%	\$35,000	\$70,000	0.09%	\$11,164
ERROR IN PUBLIC RECORD SEARCH	6	2	0.40%	\$16,750	\$33,500	0.04%	\$5,937
LOST FILE, DOCUMENT OR EVIDENCE	3	1	0.20%	\$195,000	\$195,000	0.26%	\$12,477
NOT SPECIFIED	1	0	0.00%	N/A	\$0	0.00%	\$0
TOTAL	1,893	502	100.00%	\$151,469	\$76,037,277	100.00%	\$20,916

# LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 2019

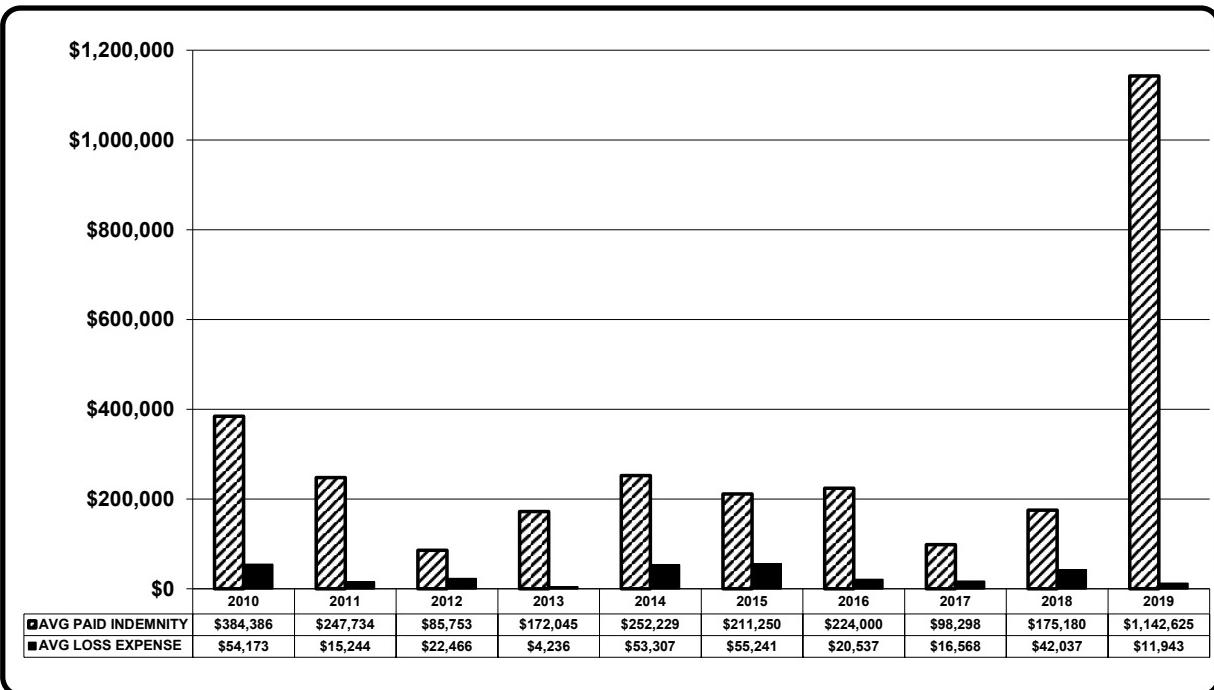
ERROR OR OMISSION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
PLANNING OR STRATEGY ERROR	13	4	13.33%	\$1,142,625	\$4,570,500	66.72%	\$11,943
INADEQUATE INVESTIGATION	10	2	6.67%	\$64,224	\$128,447	1.87%	\$30,083
OTHER	10	3	10.00%	\$8,071	\$24,213	0.35%	\$3,242
MALICIOUS PROSECUTION OR ABUSE OF PROCESS	9	4	13.33%	\$42,750	\$171,000	2.50%	\$31,174
FAIL TO KNOW OR PROPERLY APPLY THE LAW	7	3	10.00%	\$72,164	\$216,492	3.16%	\$7,274
FAIL TO ASCERTAIN DEADLINE CORRECTLY	6	4	13.33%	\$65,532	\$262,127	3.83%	\$4,189
FAIL TO FOLLOW CLIENTS INSTRUCTIONS	6	4	13.33%	\$204,331	\$817,323	11.93%	\$9,360
CONFLICT OF INTEREST	4	1	3.33%	\$130,000	\$130,000	1.90%	\$74,715
CLERICAL ERROR	3	0	0.00%	N/A	\$0	0.00%	\$454
FAILURE TO CALENDAR PROPERLY	3	2	6.67%	\$226,873	\$453,745	6.62%	\$3,886
IMPROPER WITHDRAWAL FROM REPRESENTATION	3	0	0.00%	N/A	\$0	0.00%	\$16,157
PROCRASTINATION OR LACK OF FOLLOW-UP	3	0	0.00%	N/A	\$0	0.00%	\$37,080
FAIL TO OBTAIN CLIENT'S CONSENT	2	0	0.00%	N/A	\$0	0.00%	\$456
FAILURE TO REACT TO CALENDAR	2	1	3.33%	\$10,313	\$10,313	0.15%	\$0
ERROR IN MATHEMATICAL CALCULATION	1	1	3.33%	\$39,713	\$39,713	0.58%	\$4,117
FAIL TO FILE DOCUMENTS WITH NO DEADLINE	1	1	3.33%	\$26,810	\$26,810	0.39%	\$0
LIBEL OR SLANDER	1	0	0.00%	N/A	\$0	0.00%	\$0
VIOLATION OF CIVIL RIGHTS	1	0	0.00%	N/A	\$0	0.00%	\$5,106
TOTAL	85	30	100.00%	\$228,356	\$6,850,683	100.00%	\$16,271

**TRENDS  
OF THE TOP TEN  
ERRORS OR OMISSIONS  
OF 2019**

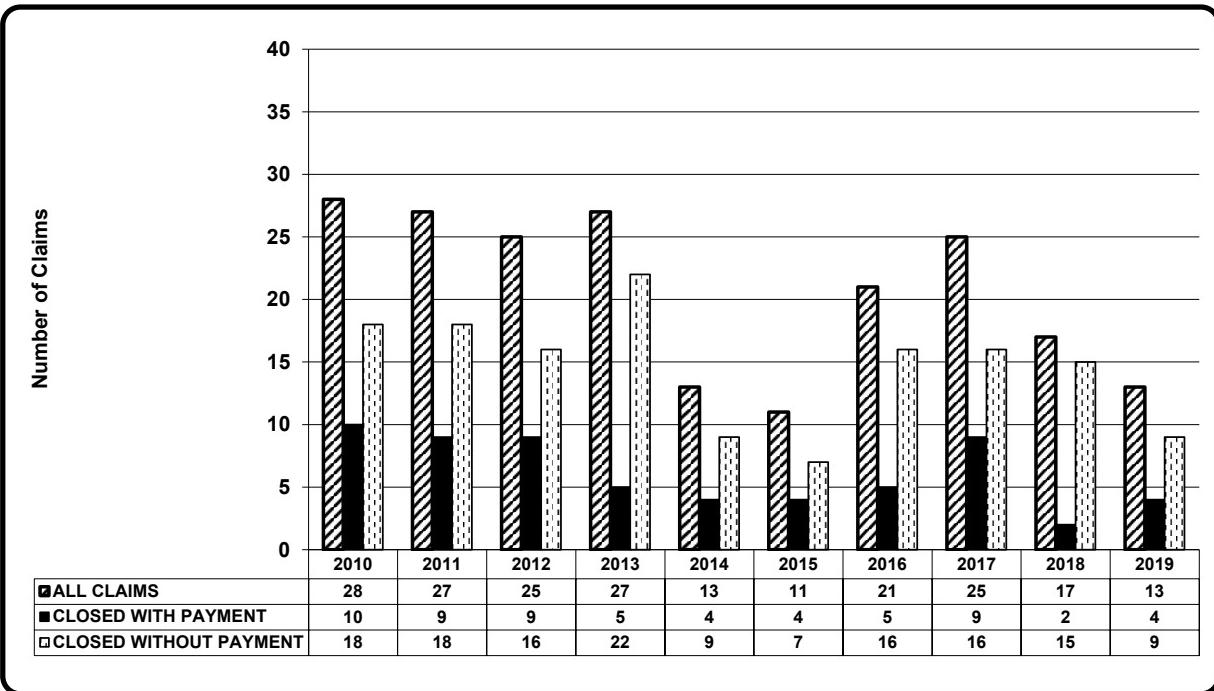


## PLANNING OR STRATEGY ERROR

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

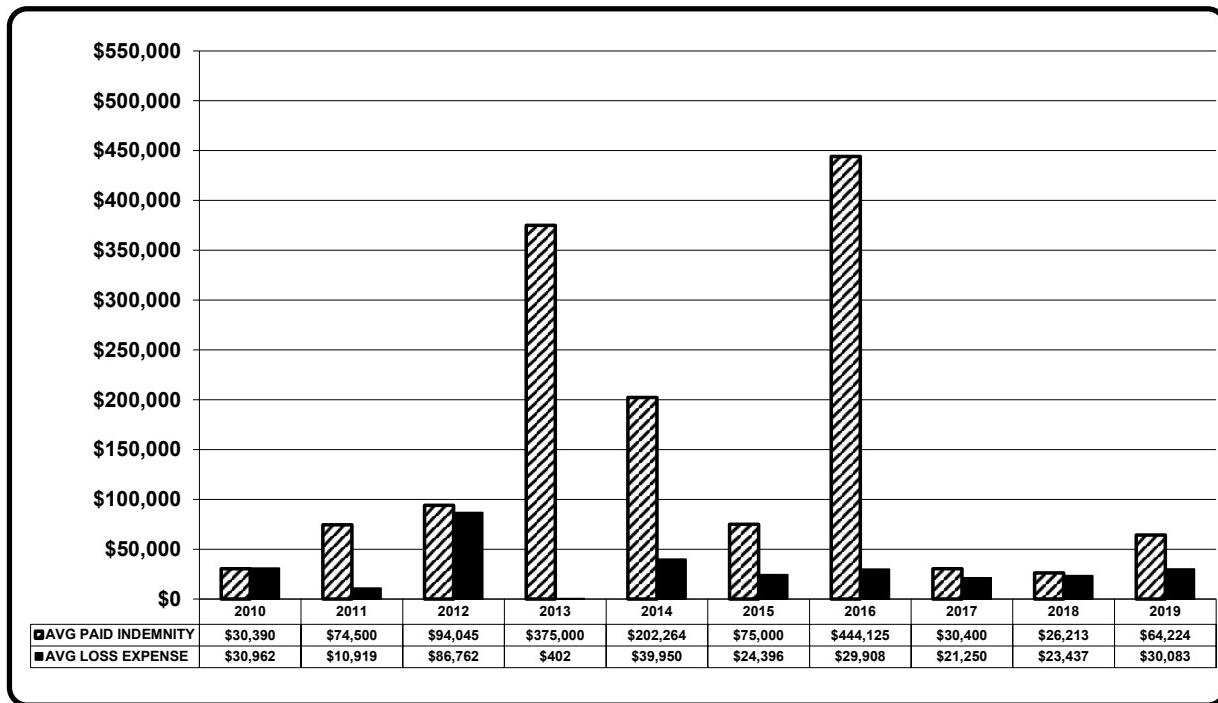


## CLAIM COUNT

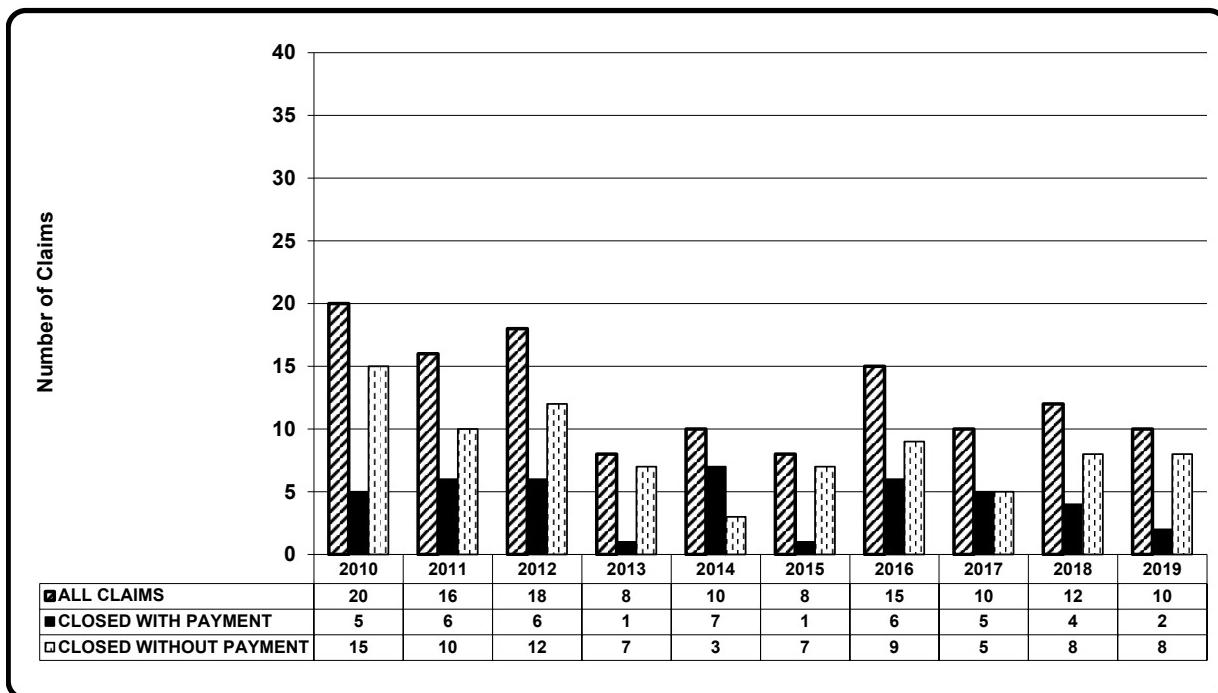


## INADEQUATE INVESTIGATION

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

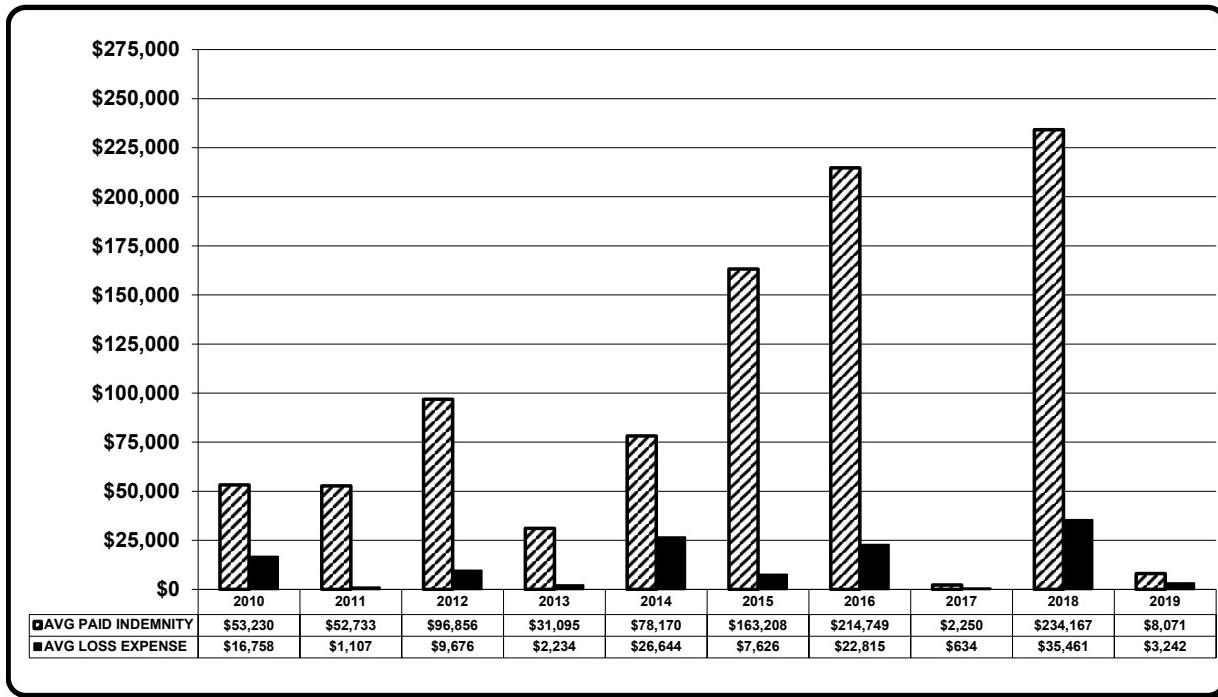


### CLAIM COUNT

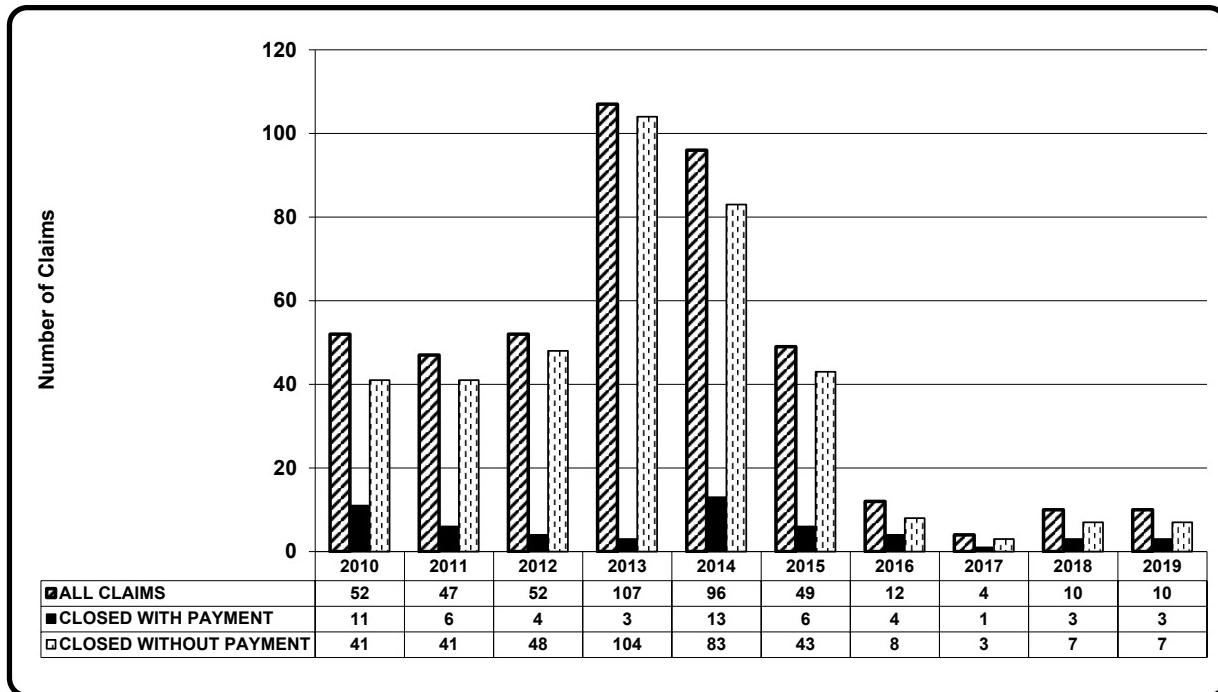


## OTHER

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

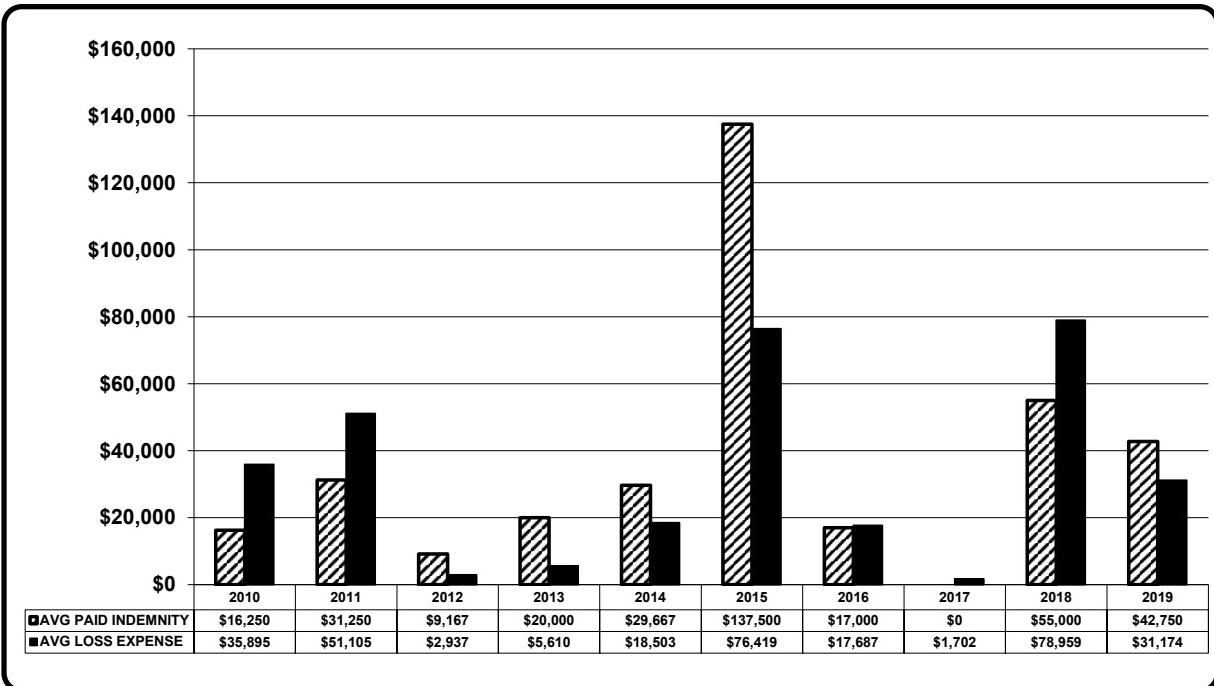


### CLAIM COUNT

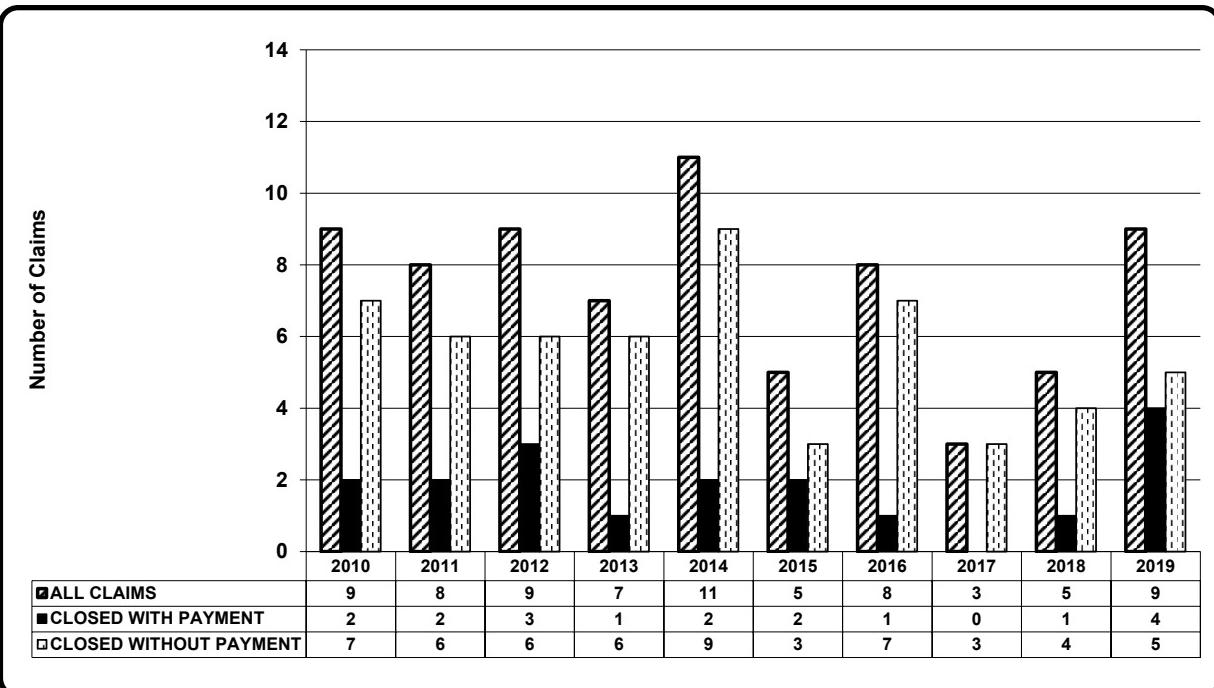


## MALICIOUS PROSECUTION OR ABUSE OF PROCESS

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

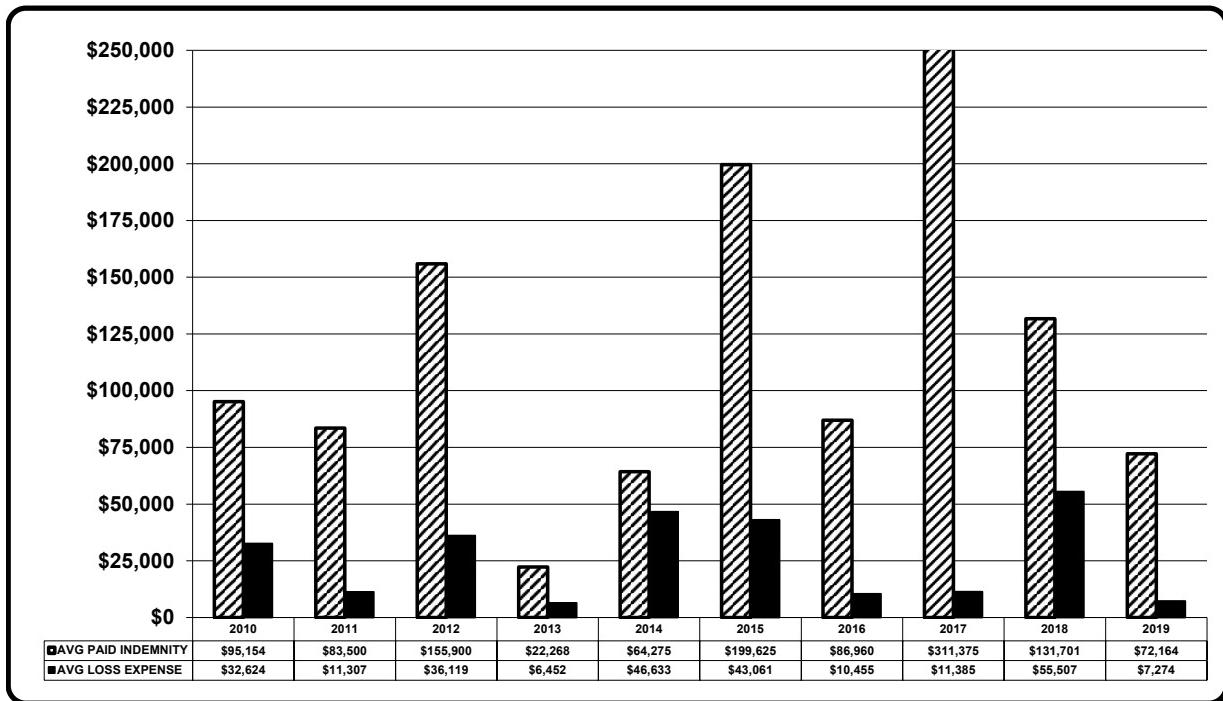


## CLAIM COUNT

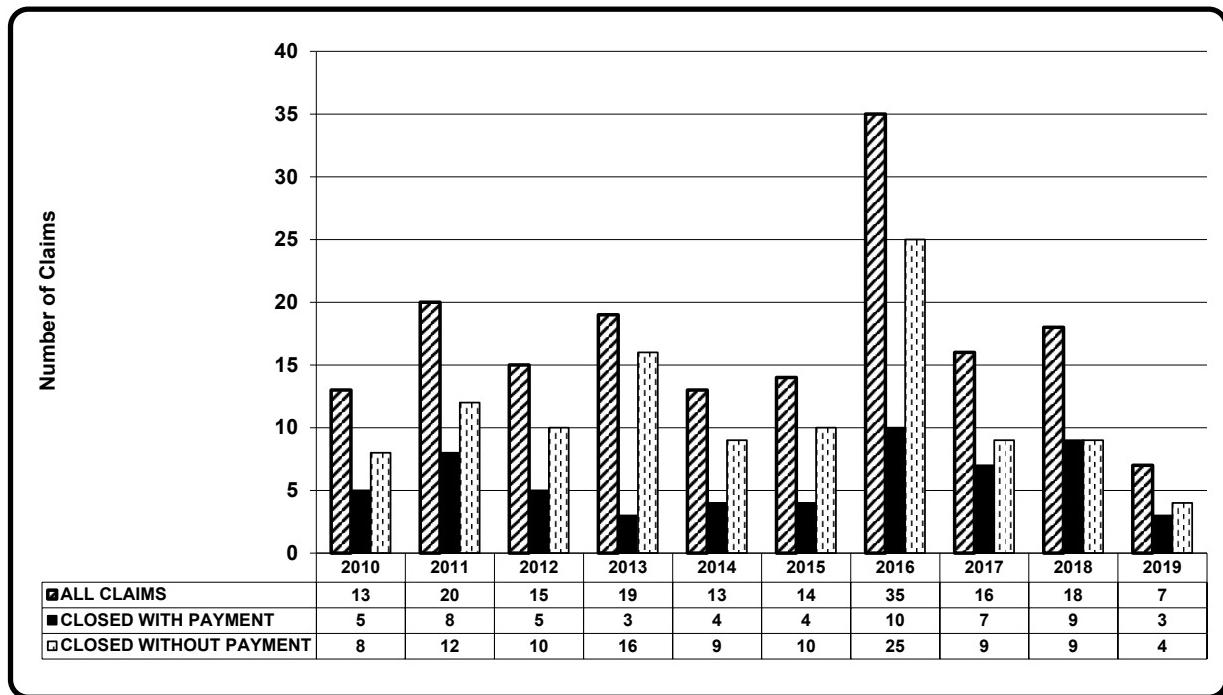


## FAIL TO KNOW OR PROPERLY APPLY THE LAW

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

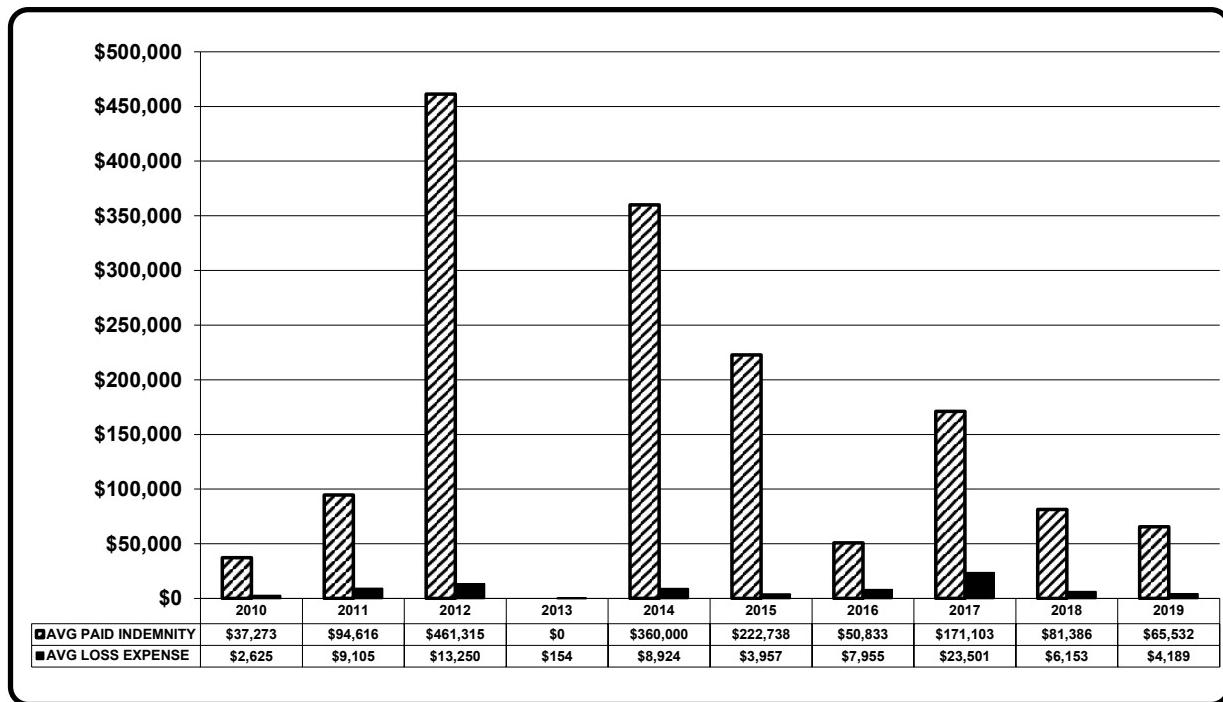


### CLAIM COUNT

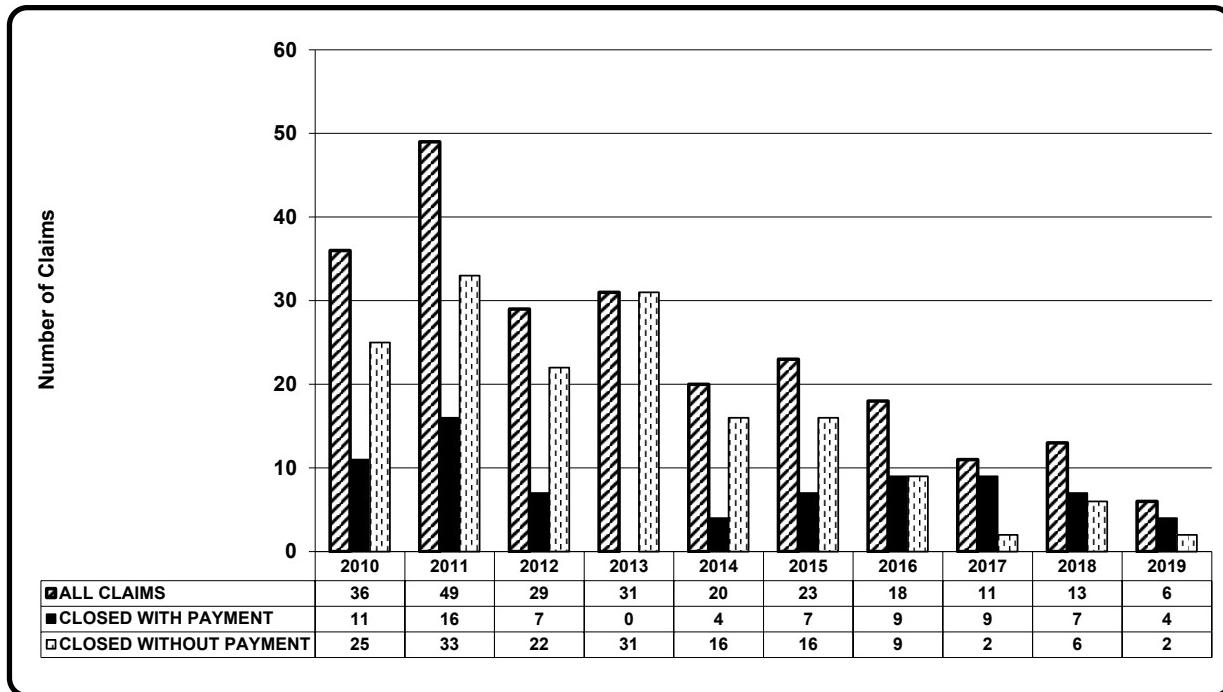


## FAIL TO ASCERTAIN DEADLINE CORRECTLY

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

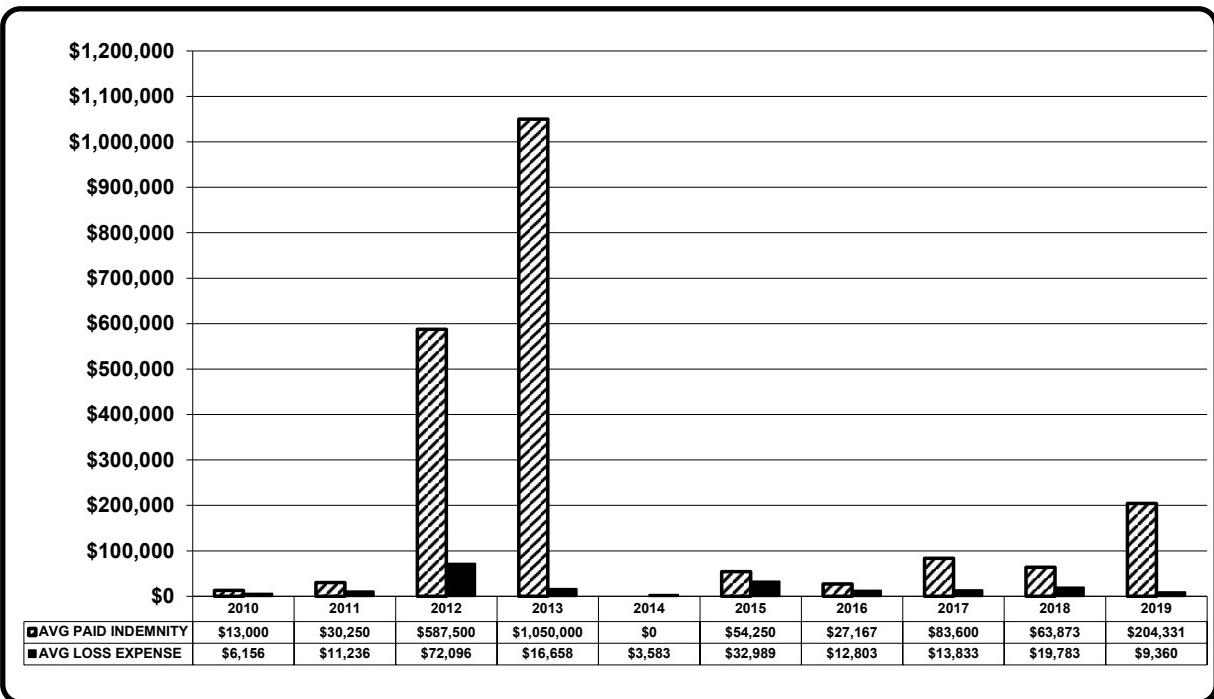


## CLAIM COUNT

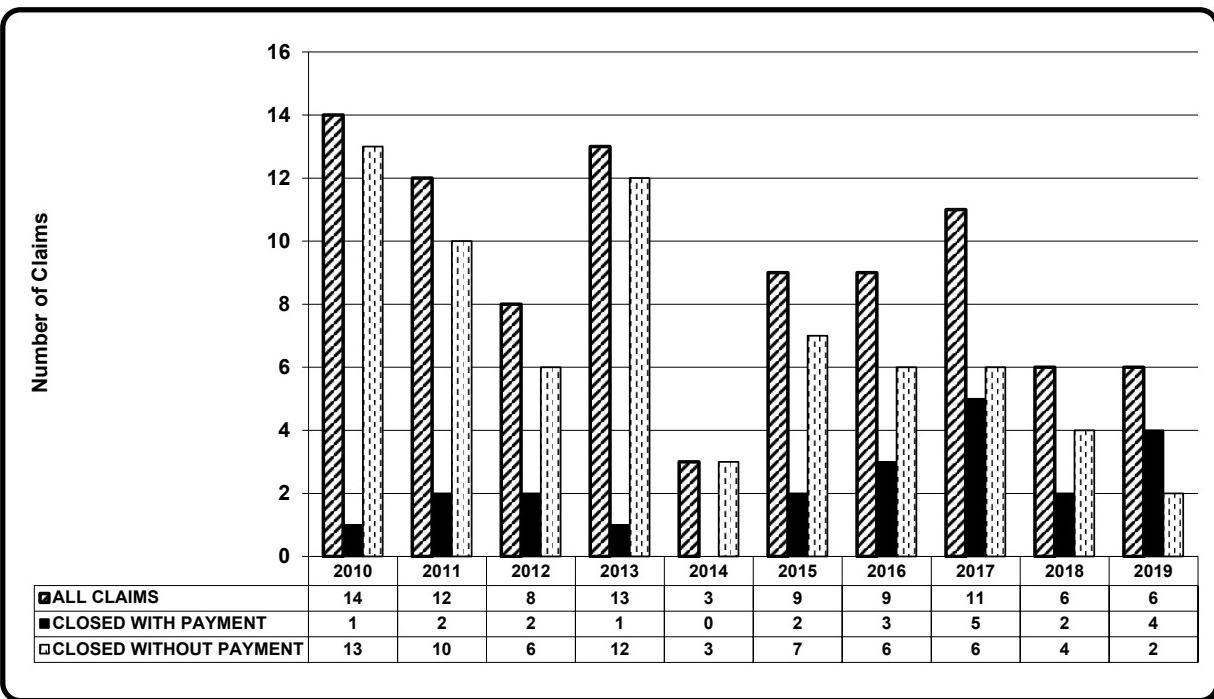


## FAIL TO FOLLOW CLIENTS INSTRUCTIONS

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

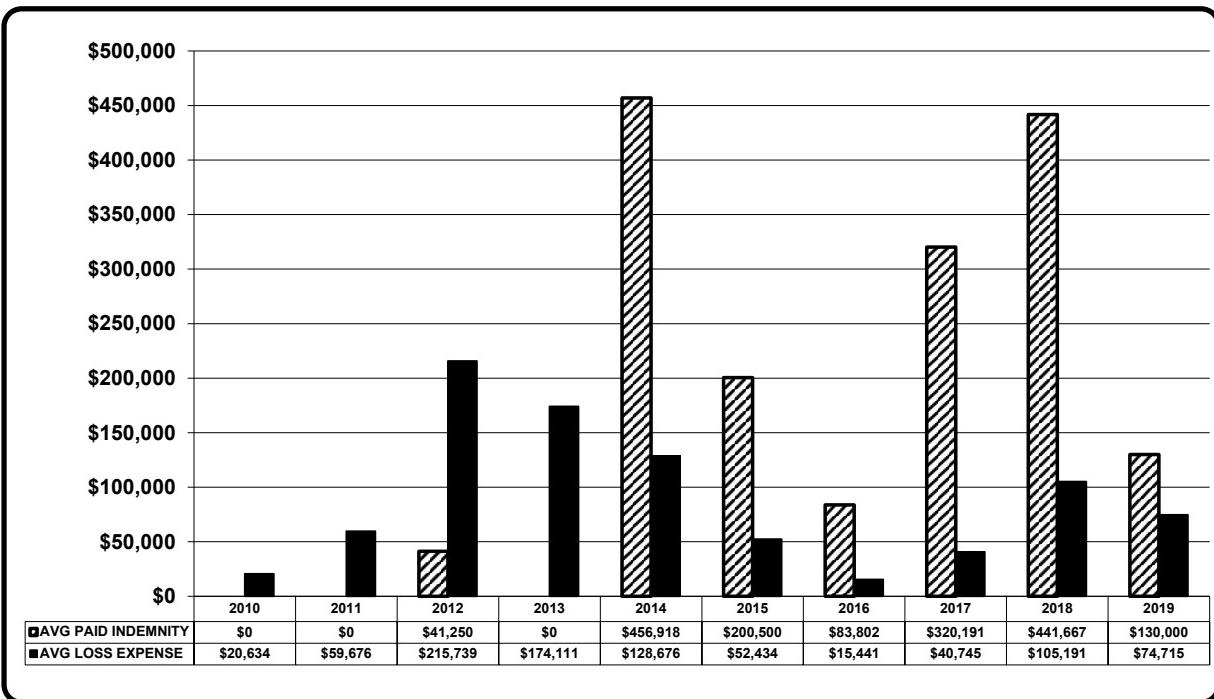


## CLAIM COUNT

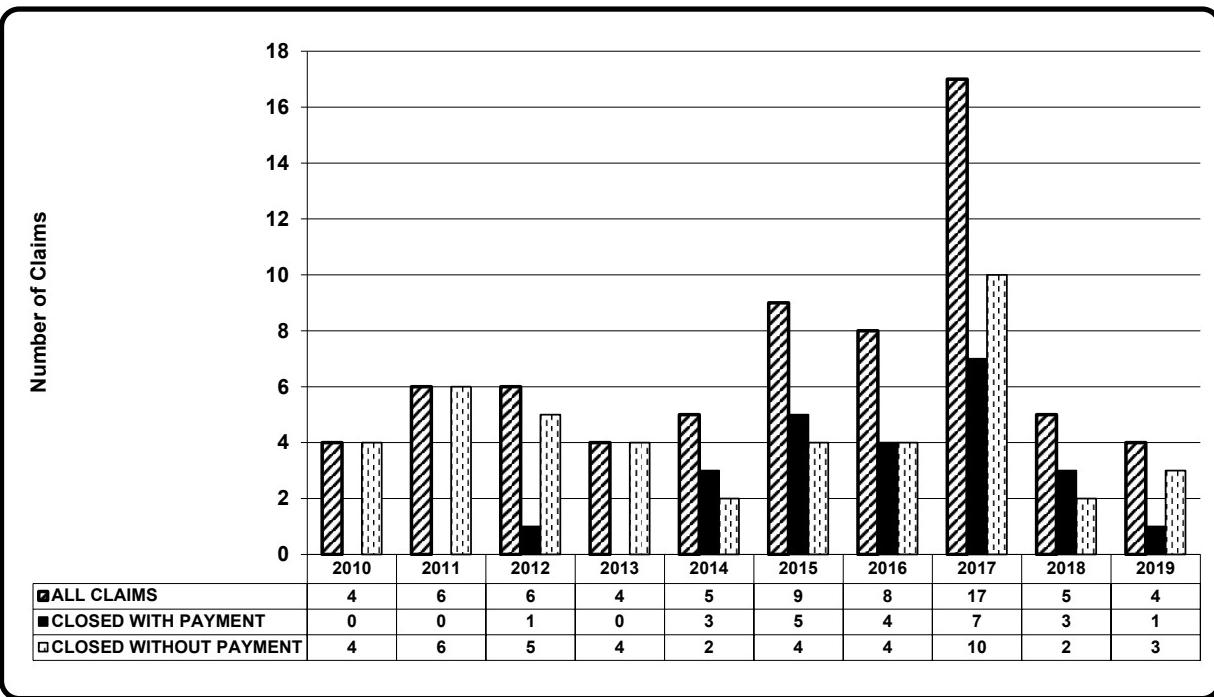


## CONFLICT OF INTEREST

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

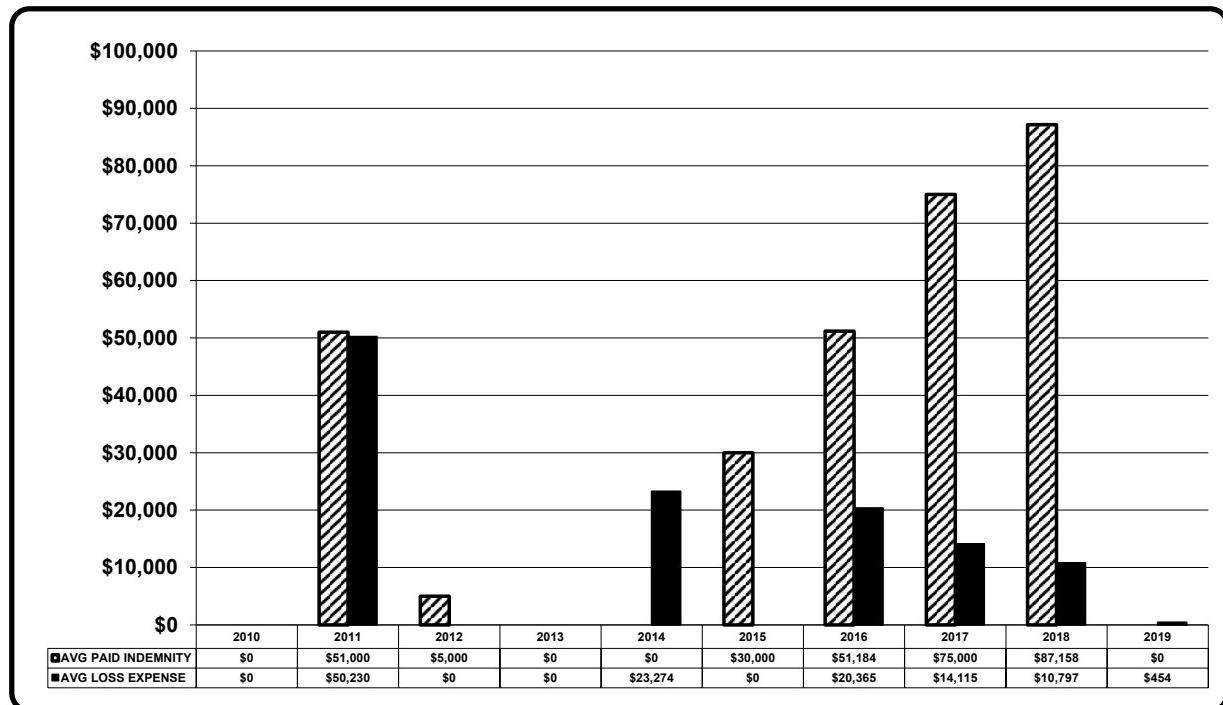


### CLAIM COUNT

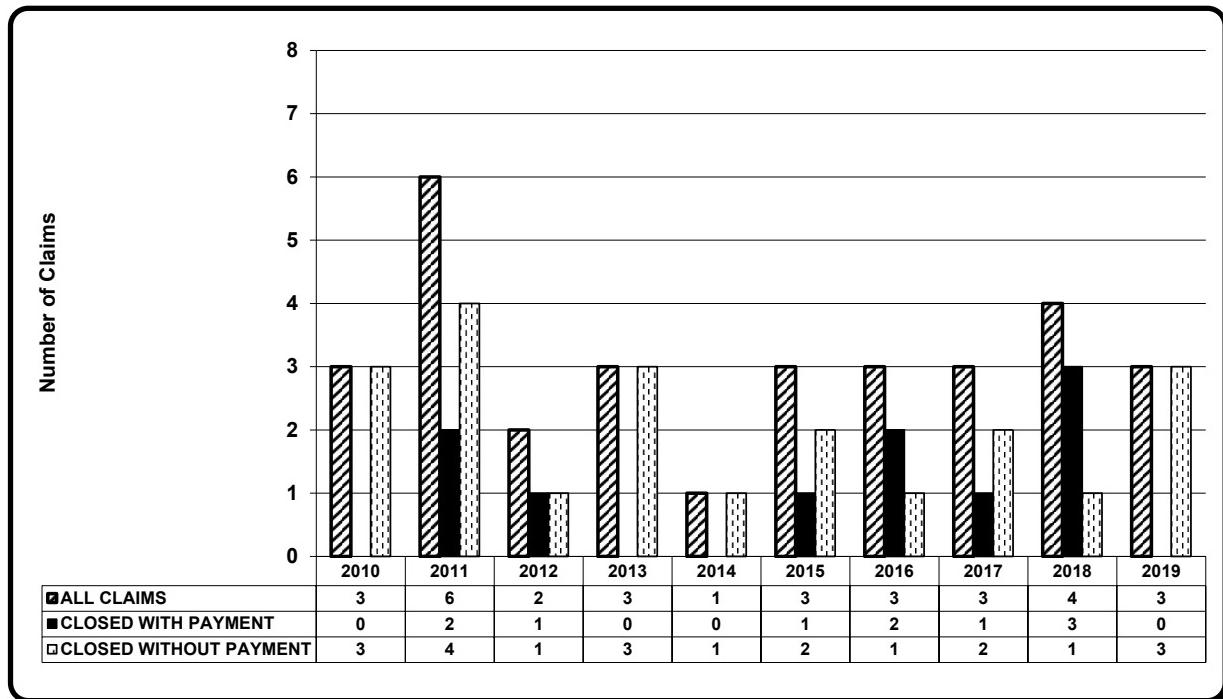


## CLERICAL ERROR

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

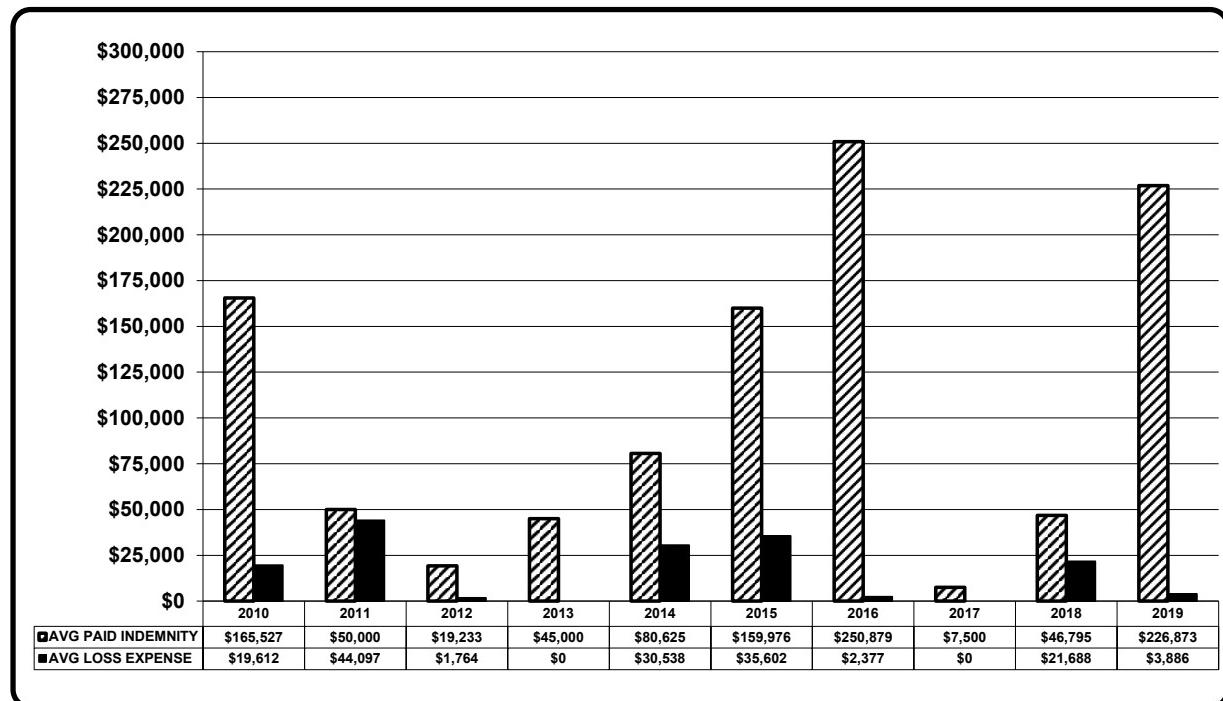


### CLAIM COUNT

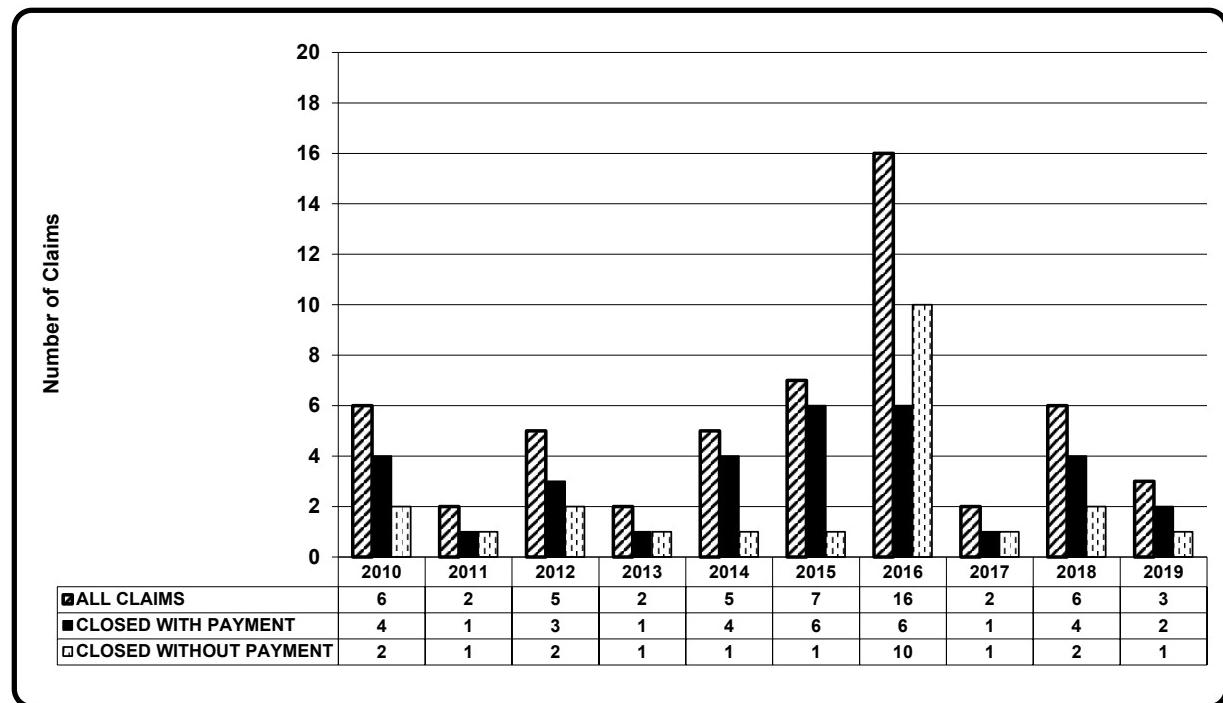


## FAIL TO CALENDAR PROPERLY

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



## CLAIM COUNT



**TEN YEAR SUMMARY  
&  
2019 SUMMARY  
BY  
CLAIM DISPOSITIONS**



**LEGAL MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
FOR YEARS 2010-2019**

CLAIM DISPOSITION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
							PERCENT OF PAID CLAIMS
BEFORE TRIAL OR HEARING	830	297	59.16%	\$178,551	\$53,029,641	69.74%	\$31,184
BEFORE FILING SUIT OR DEMANDING HEARING	706	183	36.45%	\$104,989	\$19,213,008	25.27%	\$4,270
CLAIM OR SUIT ABANDONED	179	1	0.20%	\$6,500	\$6,500	0.01%	\$2,431
AFTER APPEAL	55	2	0.40%	\$62,500	\$125,000	0.16%	\$64,557
AFTER JUDGMENT, BEFORE APPEAL	43	7	1.39%	\$119,067	\$833,472	1.10%	\$63,322
AFTER TRIAL OR HEARING, BEFORE JUDGMENT	32	3	0.60%	\$115,257	\$345,771	0.45%	\$28,968
DURING TRIAL OR HEARING	27	6	1.20%	\$316,463	\$1,898,775	2.50%	\$66,507
DURING APPEAL	15	3	0.60%	\$195,037	\$585,110	0.77%	\$79,507
DURING REVIEW PANEL	6	0	0.00%	N/A	\$0	0.00%	\$12,186
<b>TOTAL</b>	<b>1,893</b>	<b>502</b>	<b>100.00%</b>	<b>\$151,469</b>	<b>\$76,037,277</b>	<b>100.00%</b>	<b>\$20,916</b>

# LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 2019

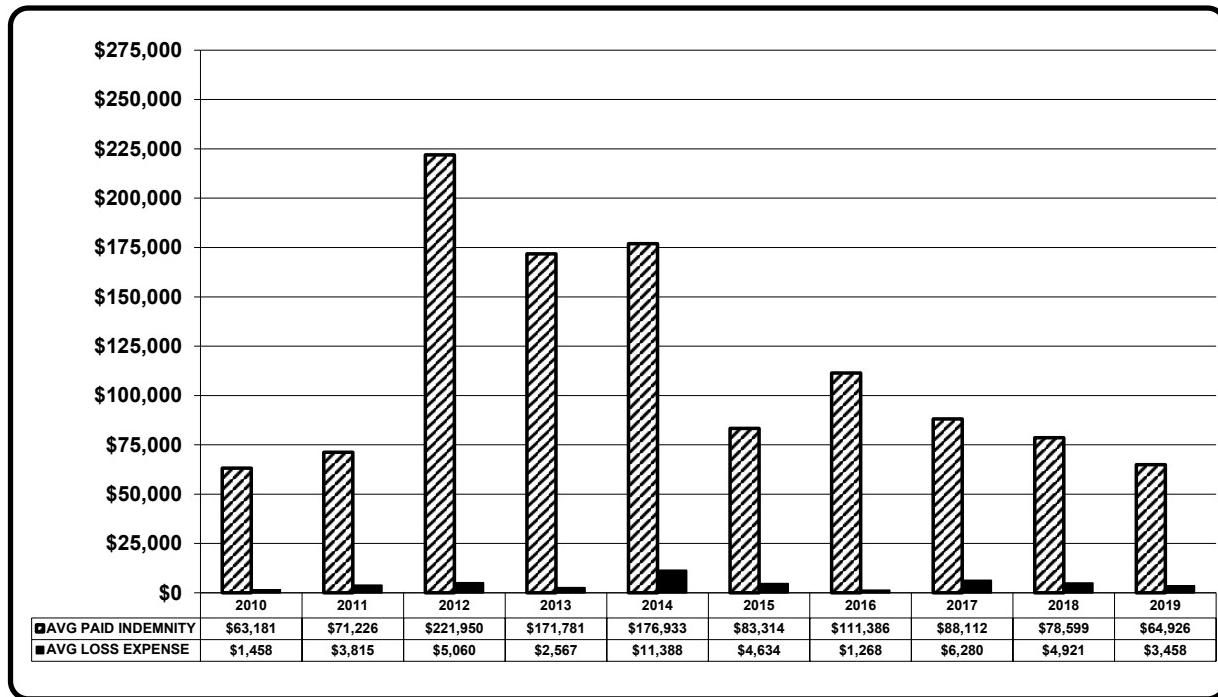
CLAIM DISPOSITION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BEFORE FILING SUIT OR DEMANDING HEARING	33	14	46.67%	\$64,926	\$908,970	13.27%	\$3,458
BEFORE TRIAL OR HEARING	30	16	53.33%	\$371,357	\$5,941,713	86.73%	\$24,516
CLAIM OR SUIT ABANDONED	12	0	0.00%	N/A	\$0	0.00%	\$707
AFTER APPEAL	6	0	0.00%	N/A	\$0	0.00%	\$65,034
AFTER JUDGMENT, BEFORE APPEAL	3	0	0.00%	N/A	\$0	0.00%	\$44,899
DURING APPEAL	1	0	0.00%	N/A	\$0	0.00%	\$0
<b>TOTAL</b>	<b>85</b>	<b>30</b>	<b>100.00%</b>	<b>\$228,356</b>	<b>\$6,850,683</b>	<b>100.00%</b>	<b>\$16,271</b>

**TRENDS OF  
CLAIM DISPOSITIONS  
OF 2019**

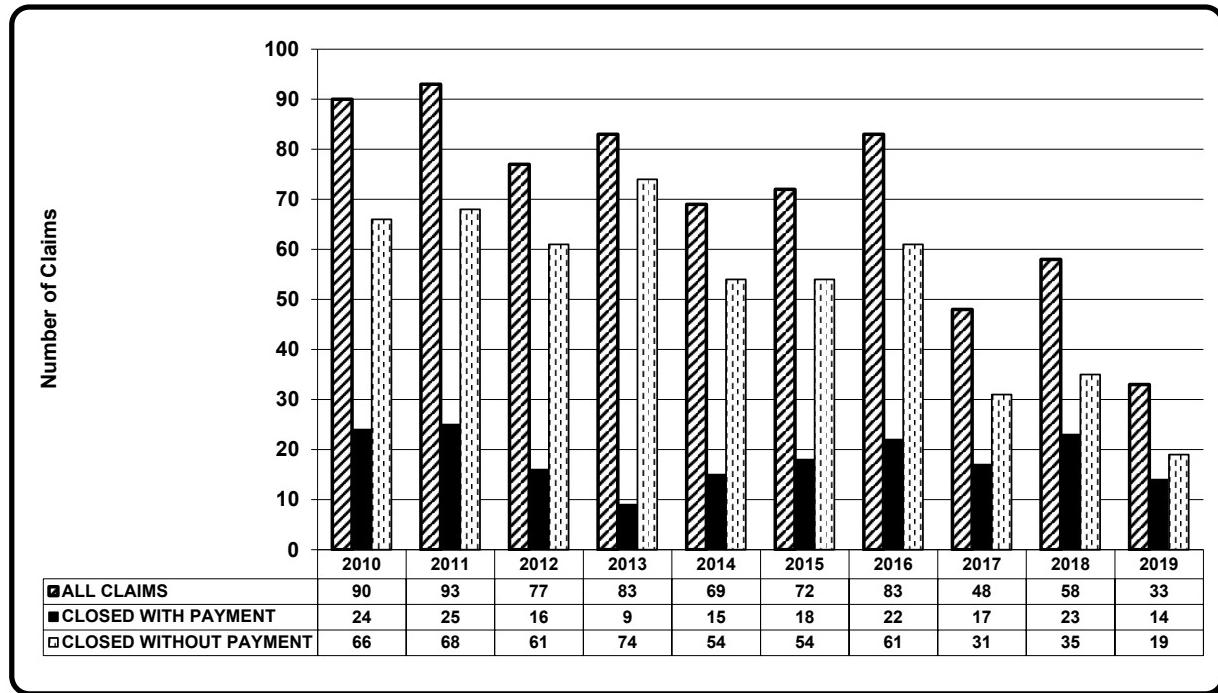


## BEFORE FILING SUIT OR DEMANDING HEARING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

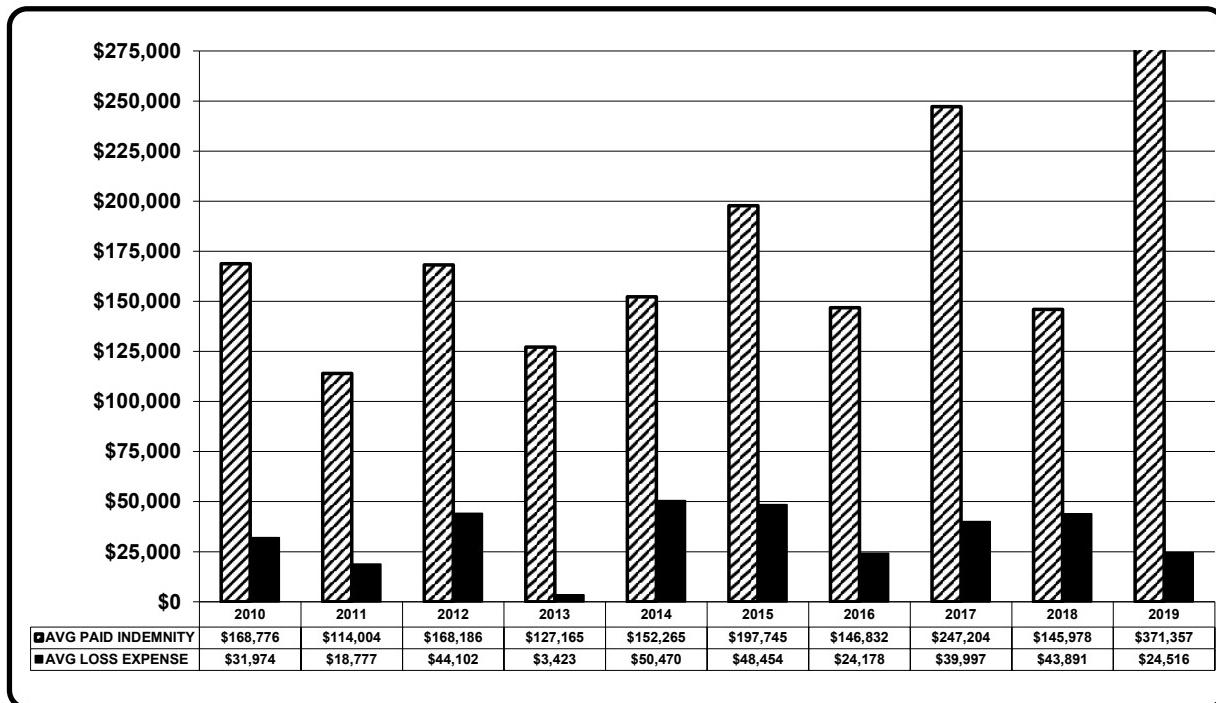


## CLAIM COUNT

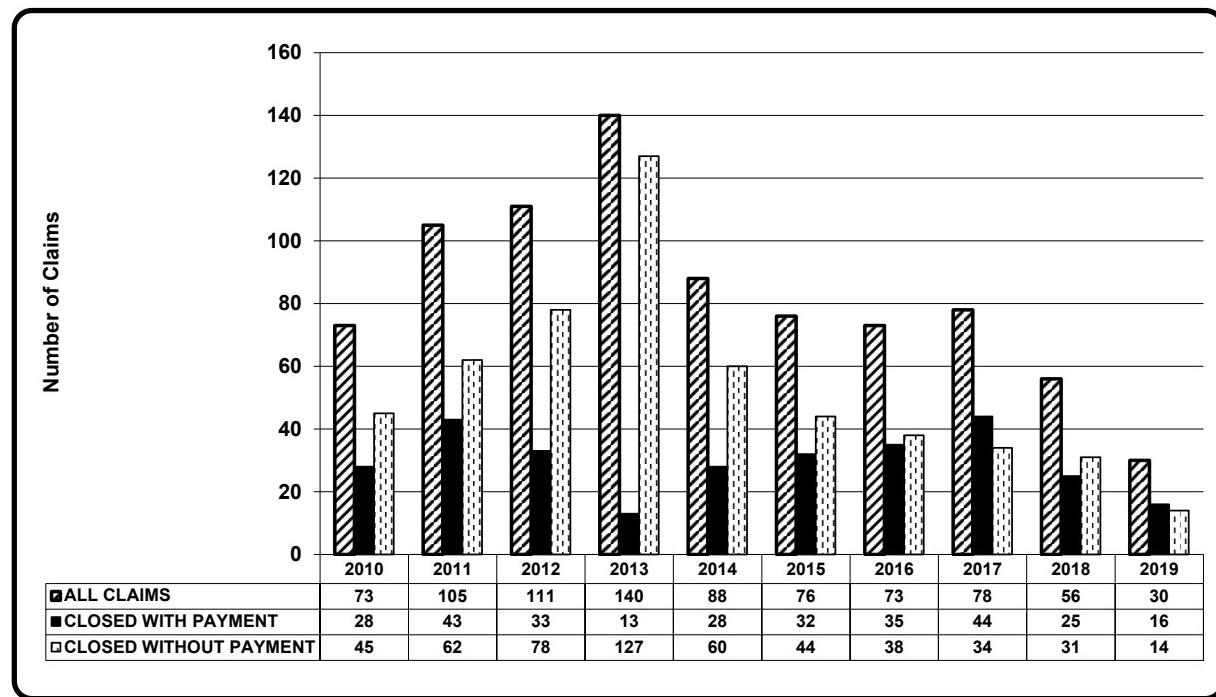


## BEFORE TRIAL OR HEARING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

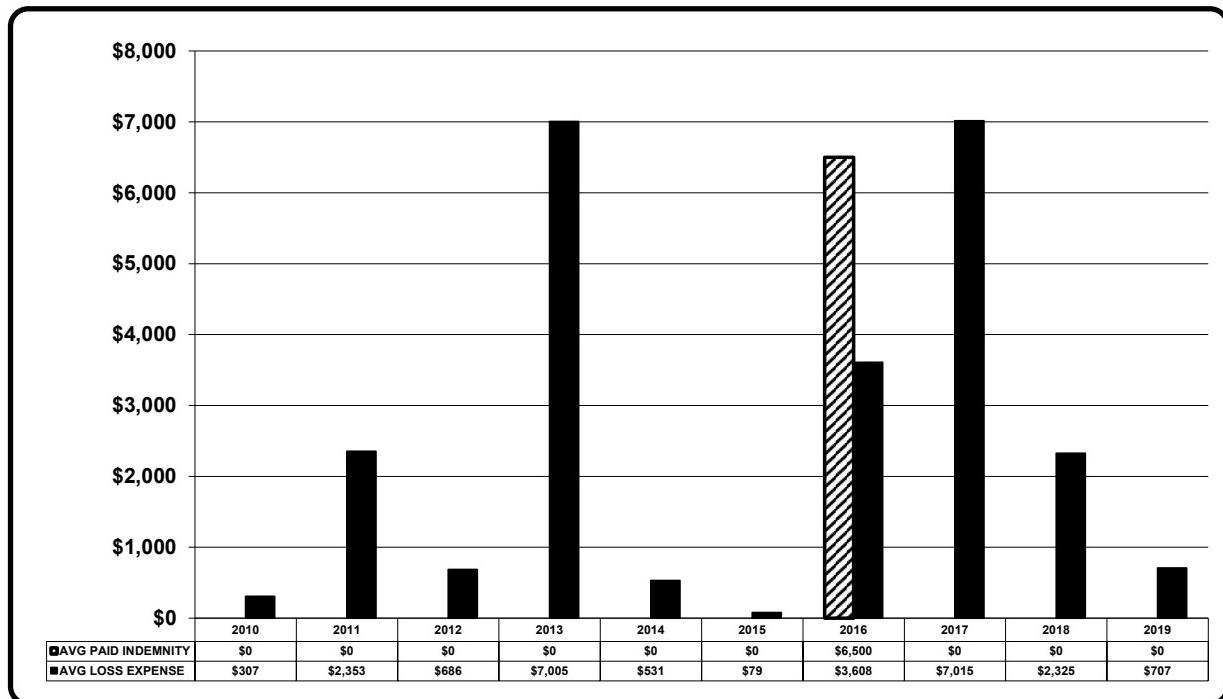


## CLAIM COUNT

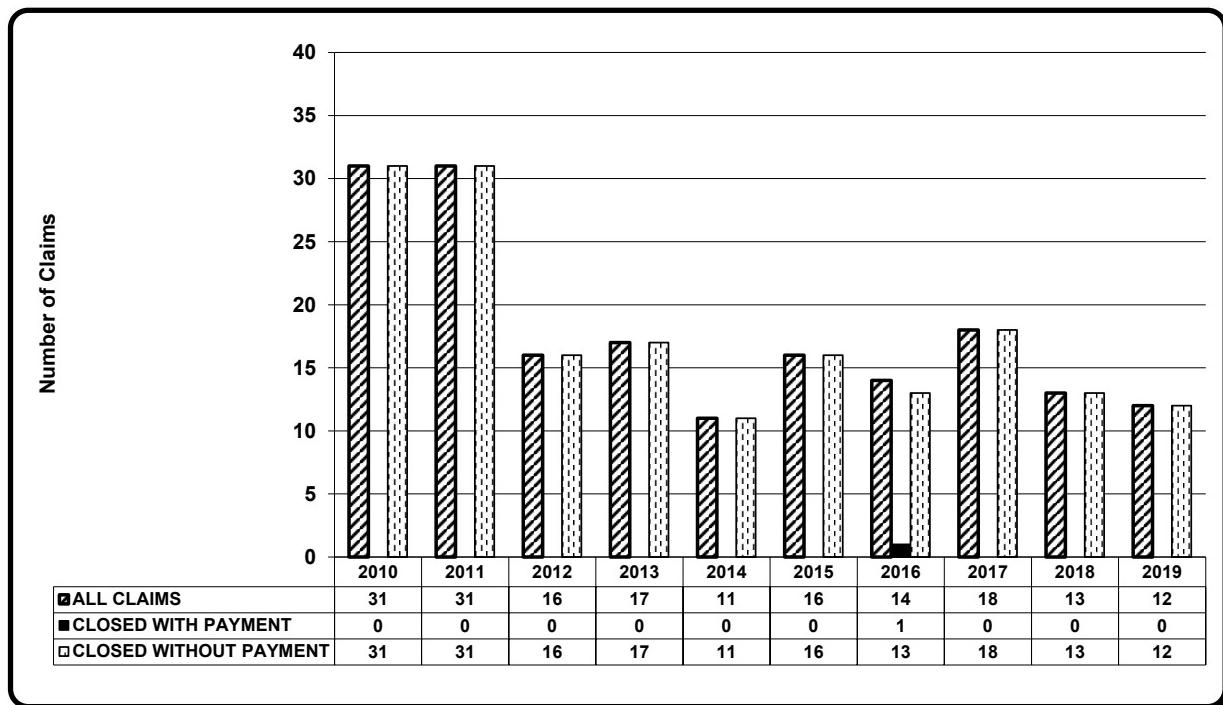


## CLAIM OR SUIT ABANDONED

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

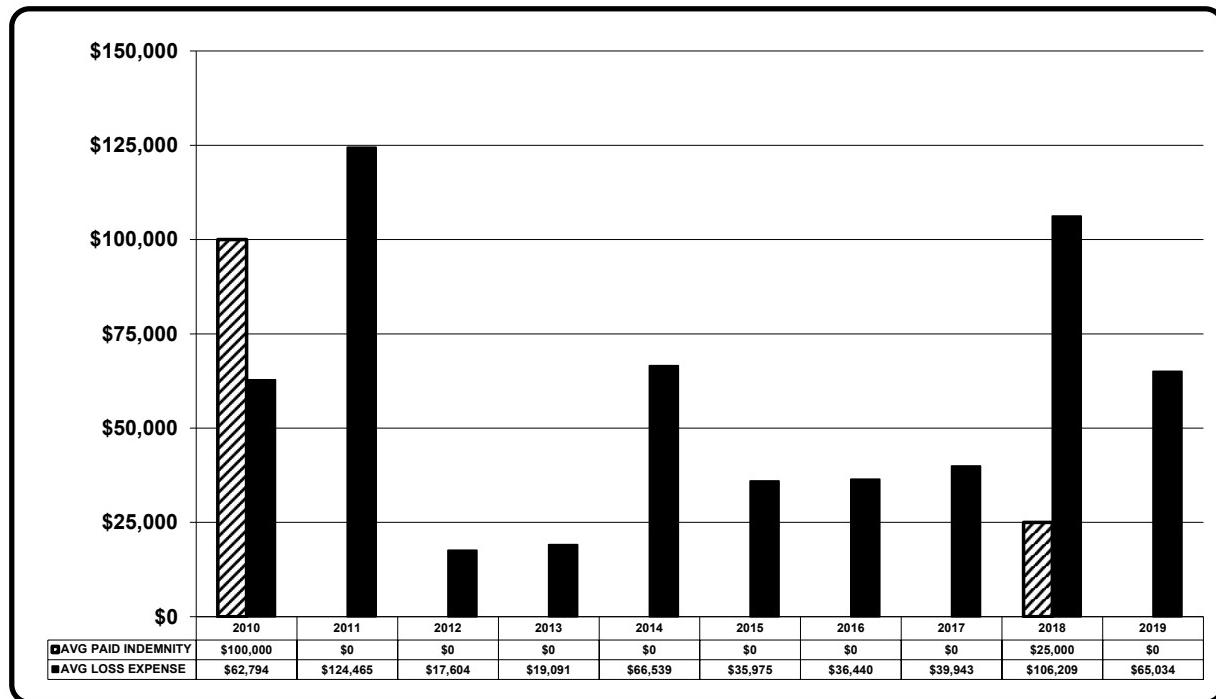


## CLAIM COUNT

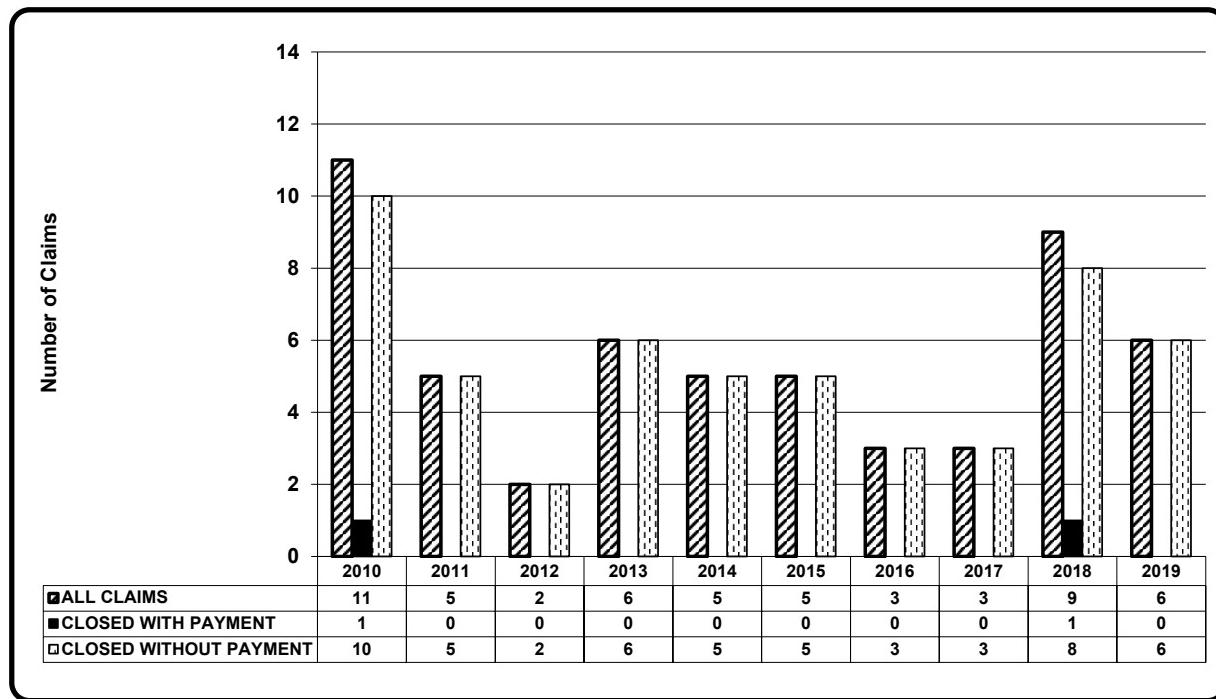


## AFTER APPEAL

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

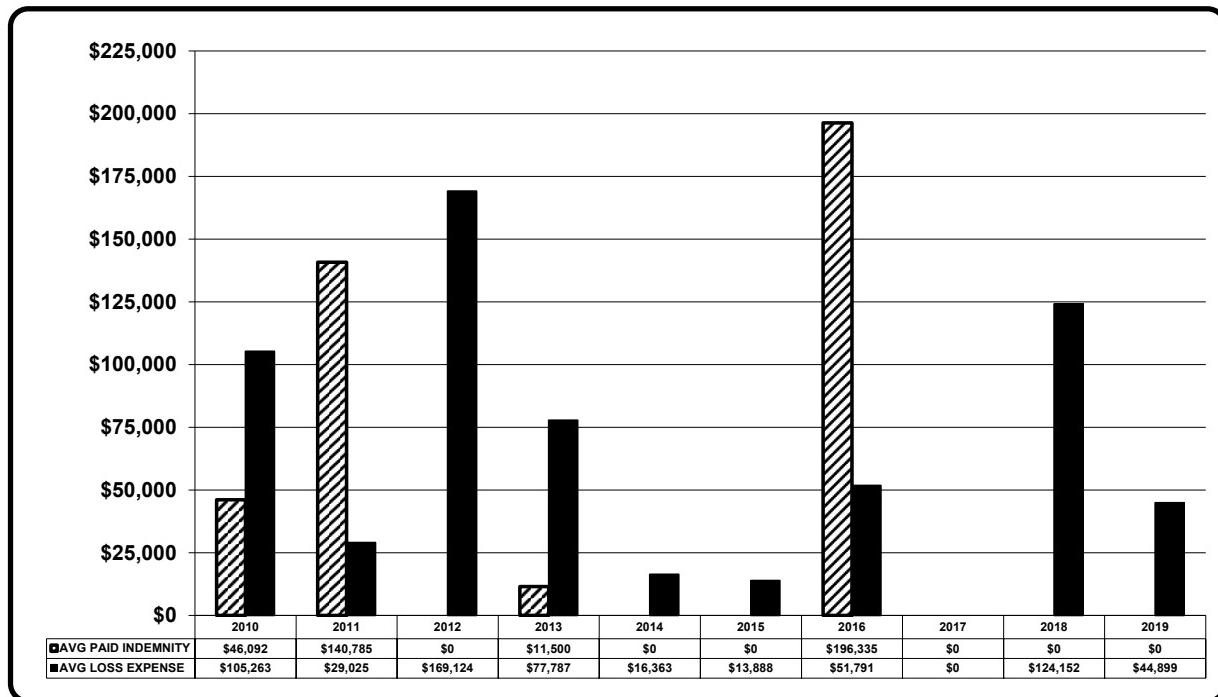


### CLAIM COUNT

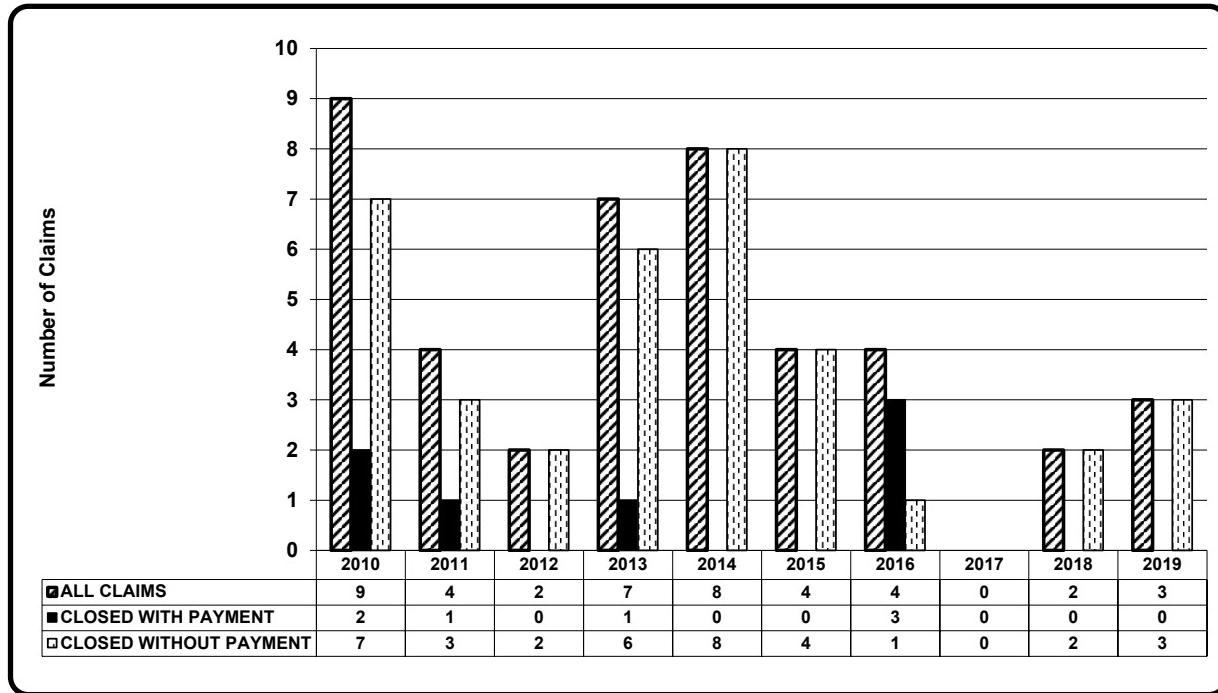


## AFTER JUDGMENT, BEFORE APPEAL

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

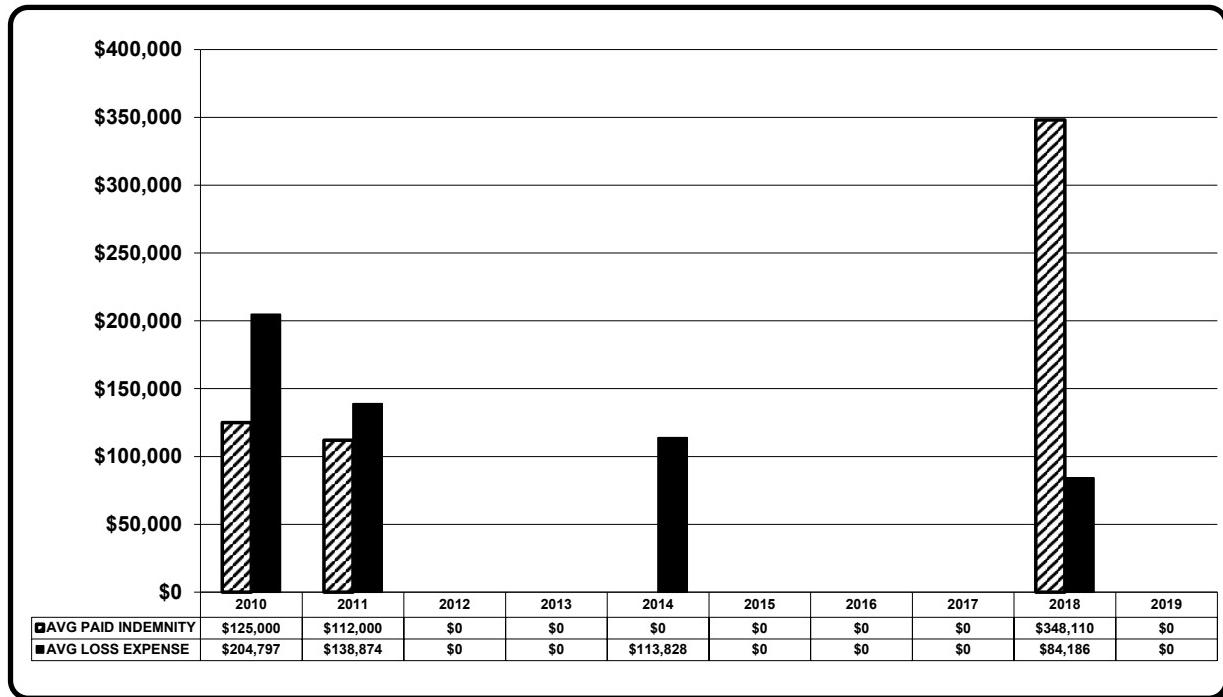


## CLAIM COUNT

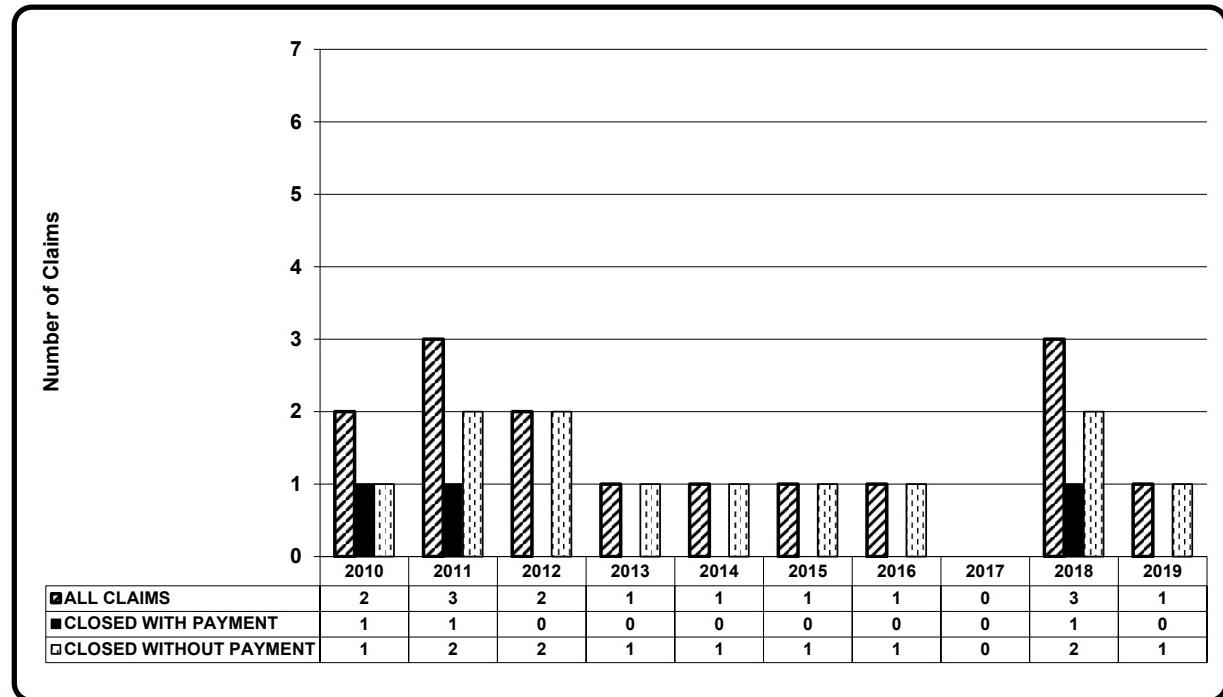


## DURING APPEAL

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



### CLAIM COUNT



**TEN YEAR SUMMARY  
&  
2019 SUMMARY  
BY  
YEARS ADMITTED TO PRACTICE**



# LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 2010-2019

YEARS ADMITTED TO PRACTICE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
OVER 10 YEARS	1,786	464	92.43%	\$154,966	\$71,904,154	94.56%	\$21,617
4 TO 10 YEARS	93	33	6.57%	\$89,413	\$2,950,623	94.56%	\$8,558
UNDER 4 YEARS	14	5	1.00%	\$236,500	\$1,182,500	1.56%	\$13,542
<b>TOTAL</b>	<b>1,893</b>	<b>502</b>	<b>100.00%</b>	<b>\$151,469</b>	<b>\$76,037,277</b>	<b>100.00%</b>	<b>\$20,916</b>

**LEGAL MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
CLAIMS CLOSED IN 2019**

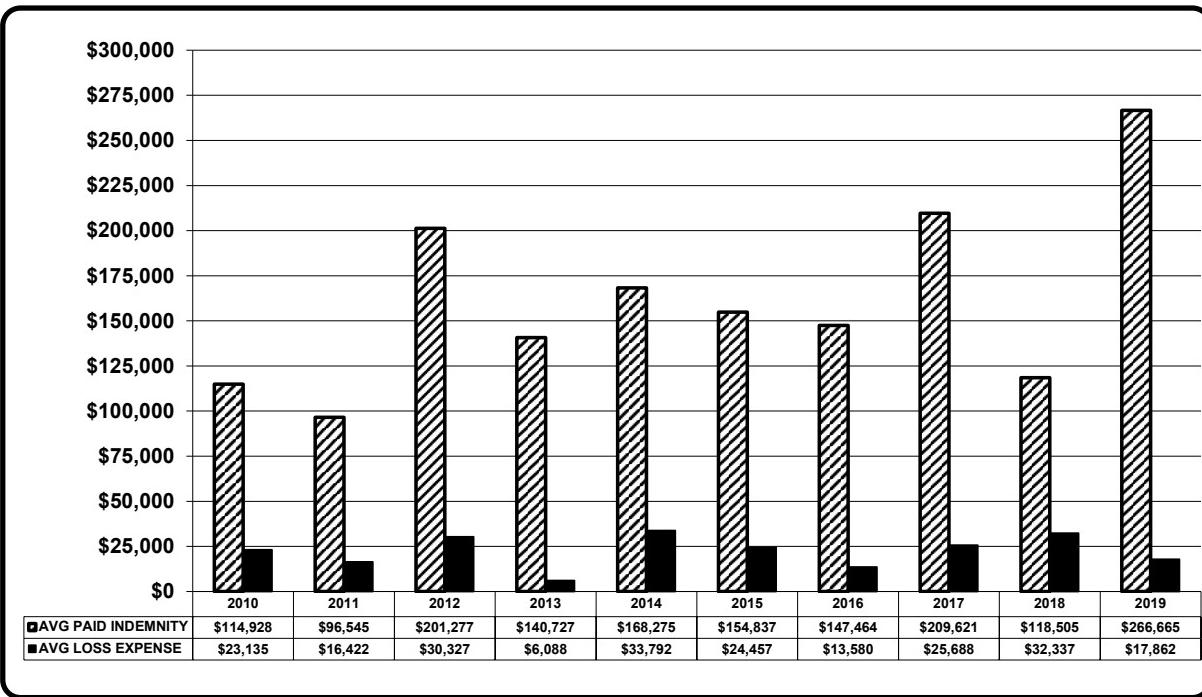
YEARS ADMITTED TO PRACTICE	AVERAGE INDEMNITY			AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS		
	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	TOTAL PAID PER PAID CLAIM	INDEMNITY	PERCENT OF TOTAL INDEMNITY
OVER 10 YEARS	75	25	83.33%	\$266,665	\$6,666,633	97.31%
4 TO 10 YEARS	10	5	16.67%	\$36,810	\$184,050	2.69%
<b>TOTAL</b>	<b>85</b>	<b>30</b>	<b>100.00%</b>	<b>\$228,356</b>	<b>\$6,850,683</b>	<b>100.00%</b>
					<b>\$16,271</b>	

**TRENDS  
OF  
YEARS ADMITTED TO PRACTICE  
FOR 2019**

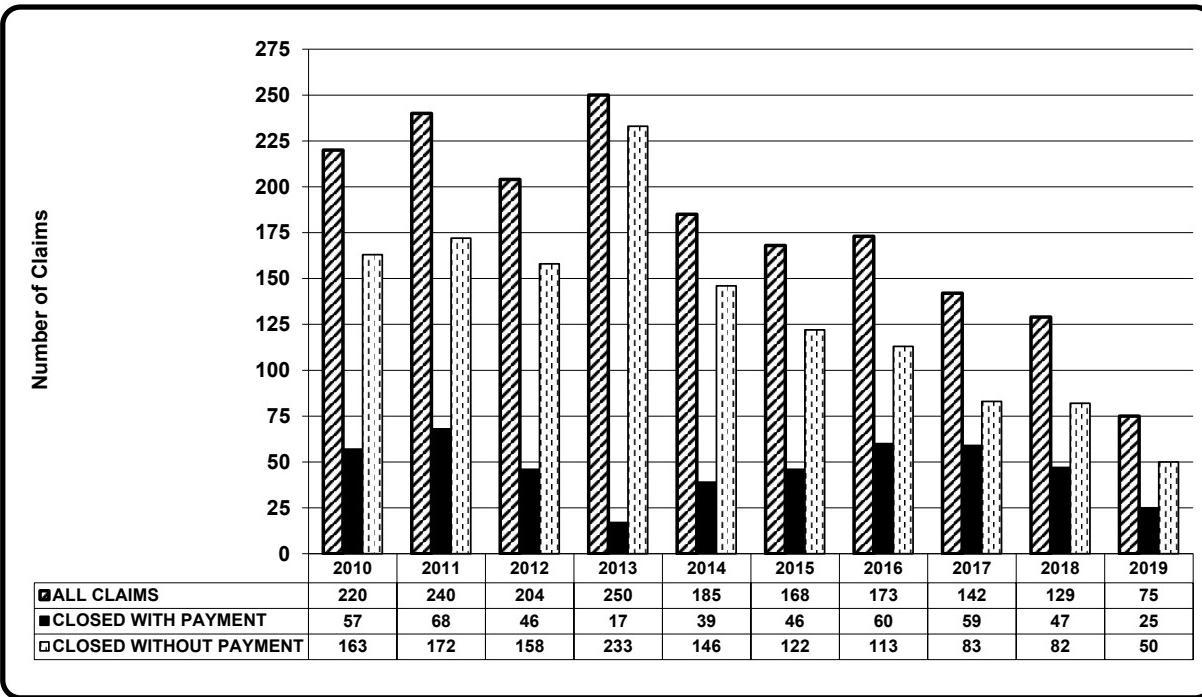


## OVER 10 YEARS

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

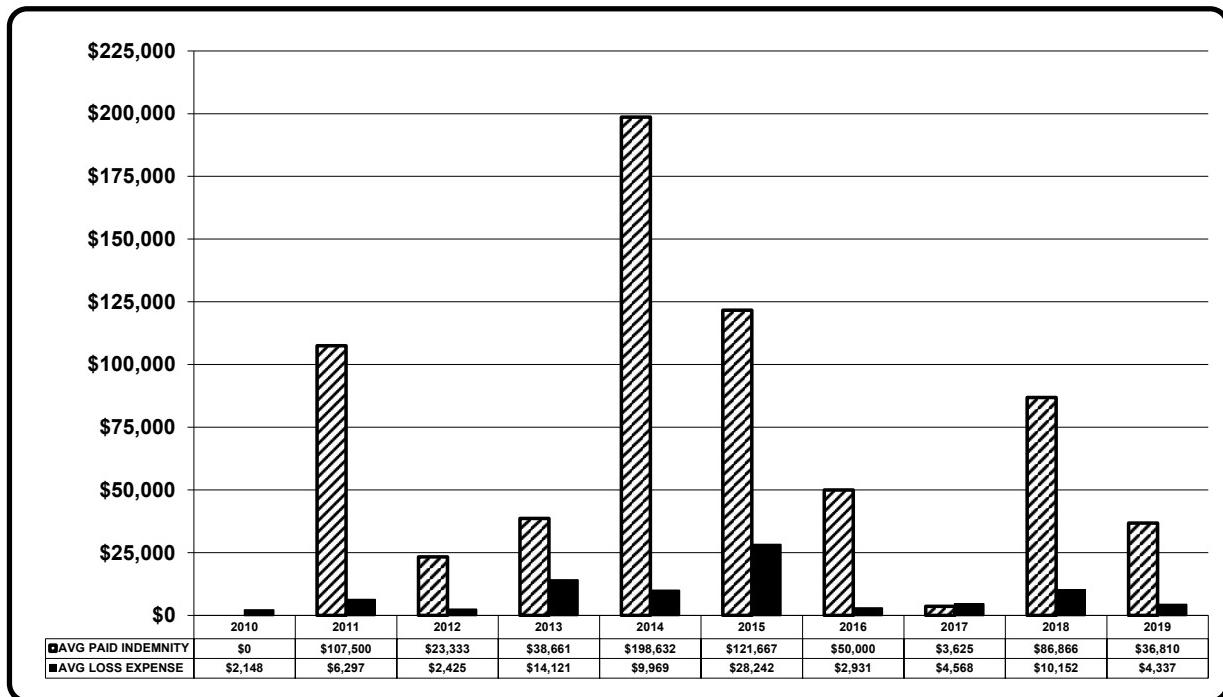


## CLAIM COUNT

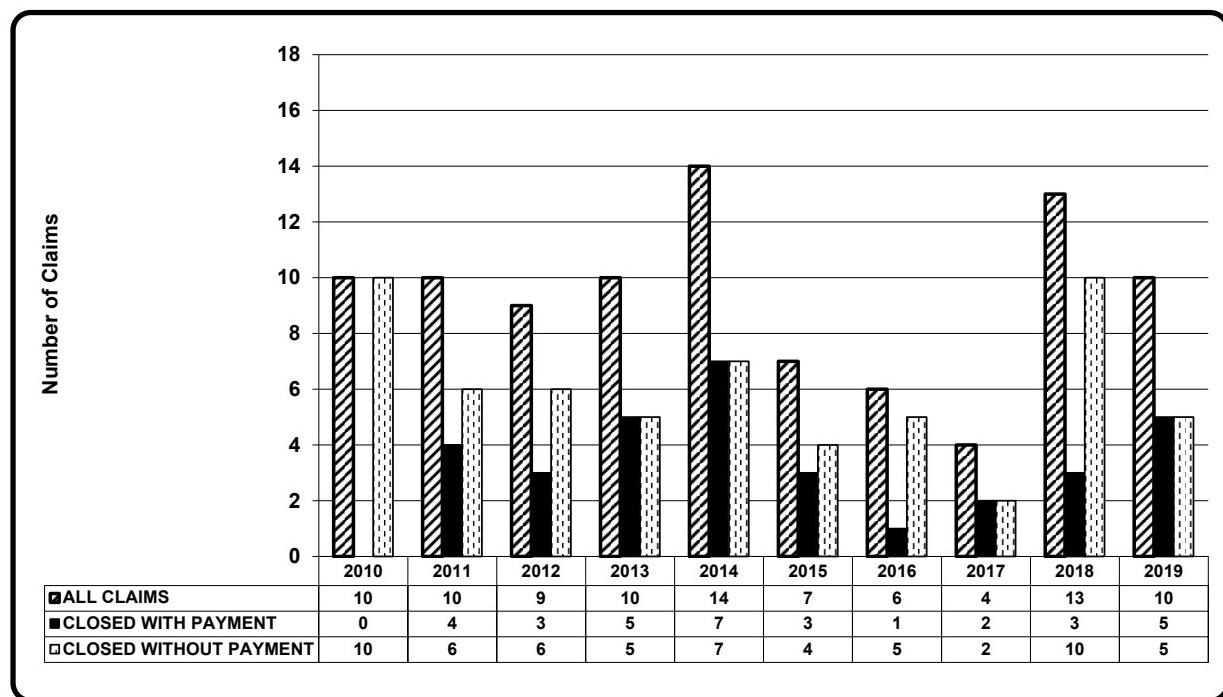


## 4 TO 10 YEARS

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



### CLAIM COUNT



**TEN YEAR SUMMARY  
&  
2019 SUMMARY  
BY  
INSURED/CLAIMANT RELATIONSHIP**



**LEGAL MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
FOR YEARS 2010-2019**

INSURED'S RELATIONSHIP TO THE CLAIMANT	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM			TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
				AVERAGE INDEMNITY PAID	PER PAID	CLAIM			
CLIENT OTHER THAN ABOVE	1,310	391	77.89%	\$168,847	\$66,019,088		\$66,019,088	86.82%	\$22,692
NON-CLIENT	570	108	21.51%	\$88,423	\$9,549,689		\$9,549,689	12.56%	\$15,156
MEMBER PRE-PAID LEGAL PLAN	8	3	0.60%	\$156,167	\$468,500		\$468,500	0.62%	\$77,768
FREE LEGAL SERVICE	5	0	0.00%	N/A	\$0		\$0	0.00%	\$121,146
<b>TOTAL</b>	<b>1,893</b>	<b>502</b>	<b>100.00%</b>	<b>\$151,469</b>	<b>\$76,037,277</b>		<b>\$76,037,277</b>	<b>100.00%</b>	<b>\$20,916</b>

## LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 2019

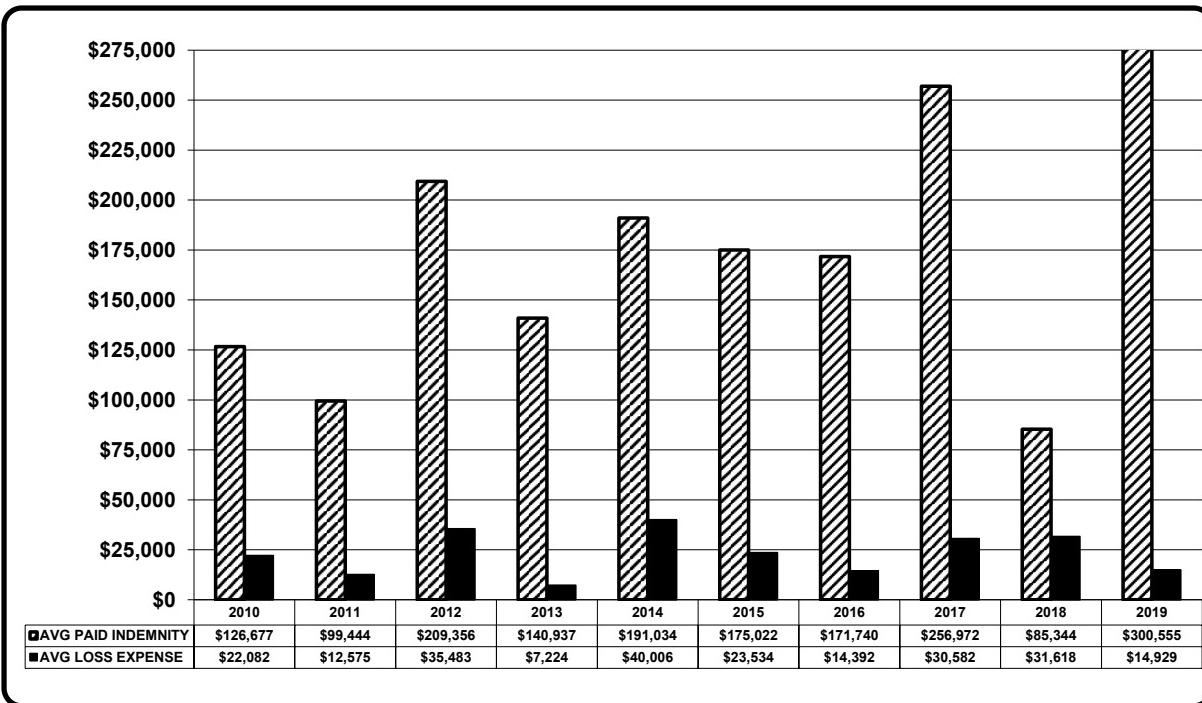
INSURED'S RELATIONSHIP TO THE CLAIMANT	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
CLIENT OTHER THAN ABOVE	59	21	70.00%	\$300,555	\$6,311,655	92.13%	\$14,929
NON-CLIENT	25	9	30.00%	\$59,892	\$539,028	7.87%	\$19,784
FREE LEGAL SERVICE	1	0	0.00%	N/A	\$0	0.00%	\$7,575
TOTAL	85	30	100.00%	\$228,356	\$6,850,683	100.00%	\$16,271

**TRENDS  
OF  
INSURED/CLAIMANT  
RELATIONSHIP  
FOR 2019**

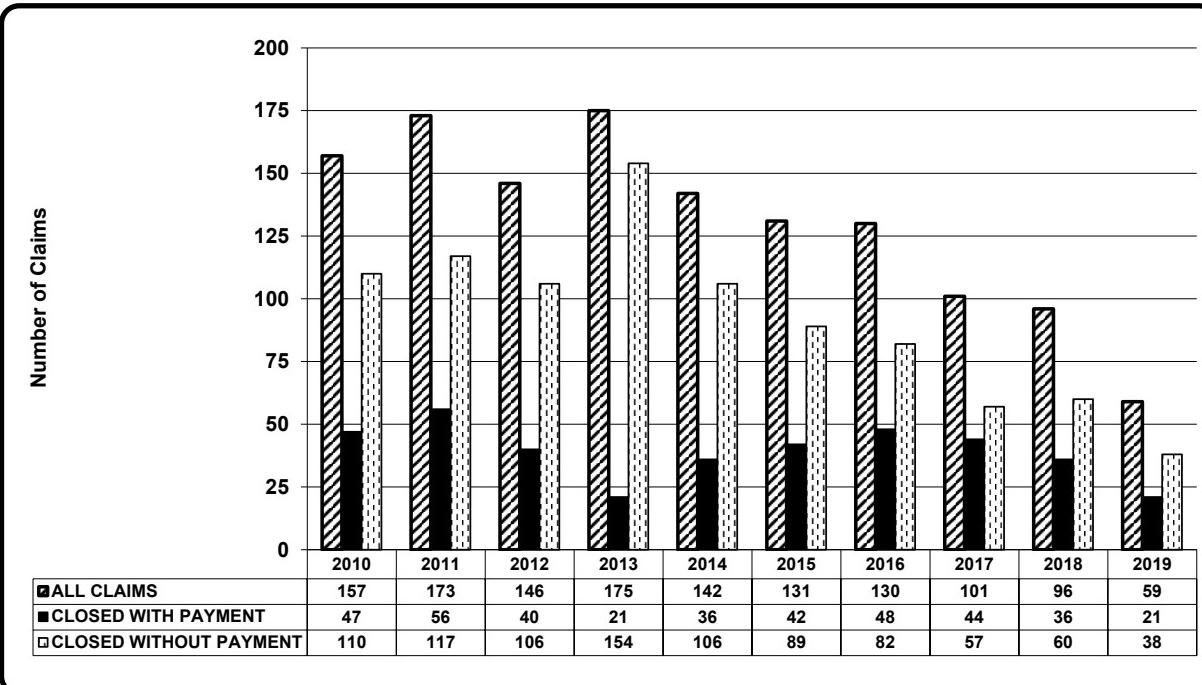


## CLIENT OTHER THAN FREE LEGAL SERVICE OR MEMBER OF PRE-PAID LEGAL PLAN

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

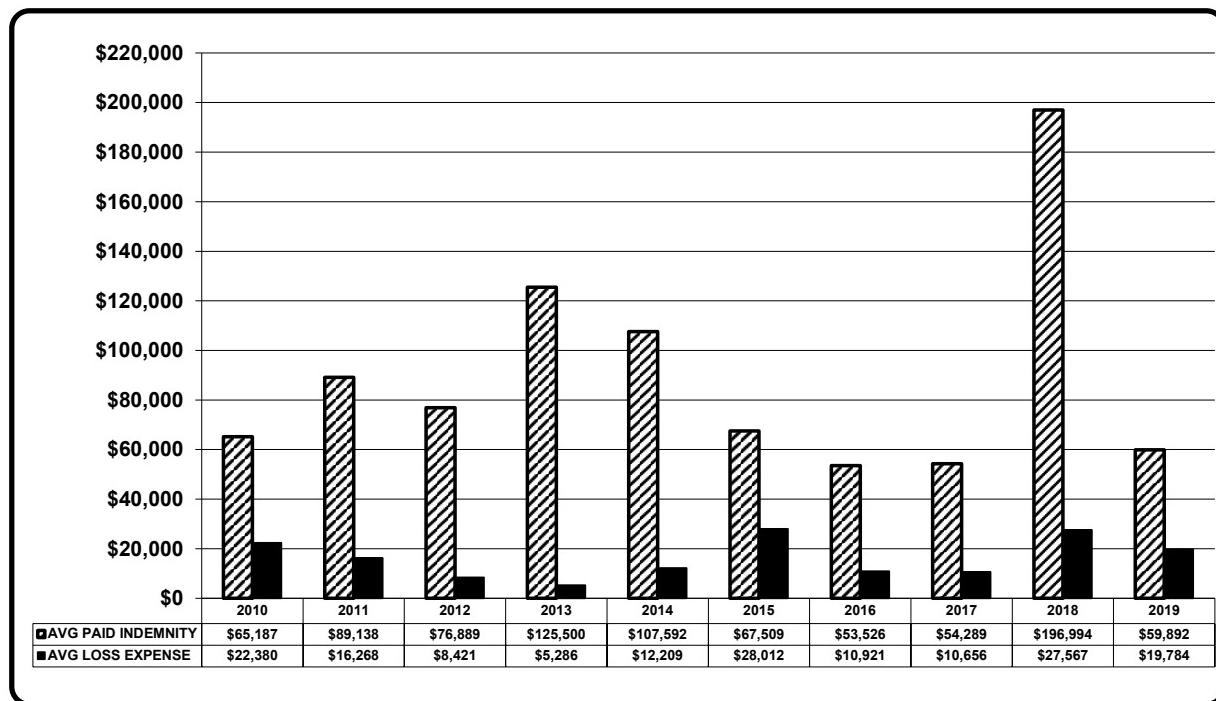


### CLAIM COUNT

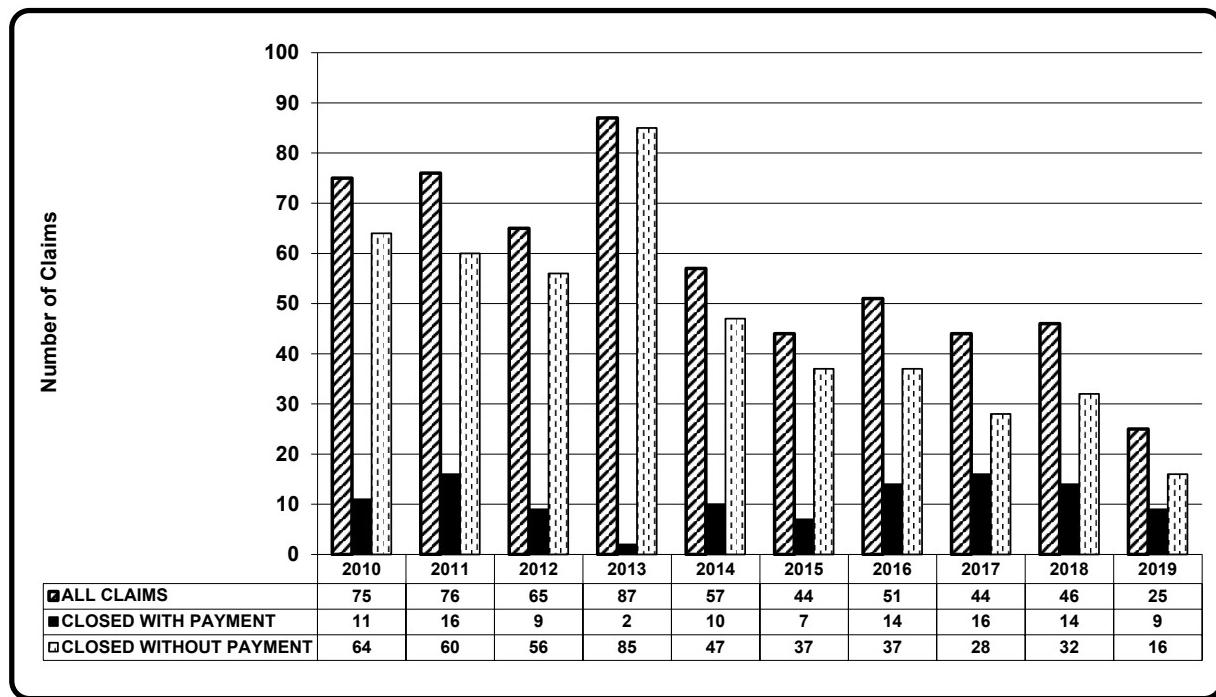


## NON-CLIENT

### AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



### CLAIM COUNT



# **PREMIUM AND LOSS DATA**



**PAGE 19 SUPPLEMENT**  
**LEGAL MALPRACTICE EXPERIENCE**  
**WITH MARKET SHARE**

**2019 EXPERIENCE**

NACIC Company Code	Company Name	Market Share	Written Premium	Earned Premium	Incurred Losses	Loss Ratio
29513	BAR PLAN MUTUAL INSURANCE COMPANY THE	55.33%	\$8,395,611	\$8,703,509	\$241,470	2.77%
20443	CONTINENTAL CASUALTY COMPANY	18.48%	\$2,804,103	\$2,843,014	\$4,658,242	163.85%
32450	ALPS PROPERTY & CASUALTY COMPANY	7.68%	\$1,165,584	\$1,092,041	\$249,499	22.85%
22292	HANOVER INSURANCE COMPANY THE	5.76%	\$873,188	\$873,188	\$169,518	19.41%
19801	ARGONAUT INSURANCE COMPANY	4.80%	\$728,019	\$729,693	\$57,403	7.87%
24147	OLD REPUBLIC INSURANCE COMPANY	2.37%	\$359,843	\$246,788	\$27,649	11.20%
31194	TRAVELERS CASUALTY & SURETY CO OF AMER	2.10%	\$318,330	\$245,302	\$85,000	34.65%
37273	AXIS INSURANCE COMPANY	1.42%	\$215,808	\$241,821	(\$59,982)	-24.80%
22730	ALLIED WORLD INSURANCE COMPANY	0.97%	\$147,577	\$168,758	\$1,921,158	1138.41%
22241	MEDMARC CASUALTY INSURANCE COMPANY	0.36%	\$53,901	\$36,395	\$64,146	176.25%
19518	CATLIN INSURANCE COMPANY INC	0.34%	\$51,430	\$66,639	\$9,867	14.81%
29459	TWIN CITY FIRE INSURANCE COMPANY	0.27%	\$40,942	\$10,535	(\$7)	-0.07%
11000	SENTINEL INSURANCE COMPANY LTD	0.06%	\$8,681	\$4,847	\$0	0.00%
29424	HARTFORD CASUALTY INSURANCE CO	0.03%	\$5,001	\$2,665	\$0	0.00%
16624	ALLIED WORLD SPECIALTY INSURANCE COMPANY	0.03%	\$4,500	\$4,540	(\$683)	-15.04%
16691	GREAT AMERICAN INSURANCE COMPANY	0.00%	\$0	\$0	\$72	N/A
22322	GREENWICH INSURANCE COMPANY	0.00%	\$0	\$640	(\$2,224)	-347.50%
27154	ATLANTIC SPECIALTY INSURANCE COMPANY	0.00%	\$0	\$0	\$12,439	N/A
	<b>TOTAL</b>	<b>100.00%</b>	<b>\$15,172,518</b>	<b>\$15,270,375</b>	<b>\$7,433,567</b>	<b>48.68%</b>

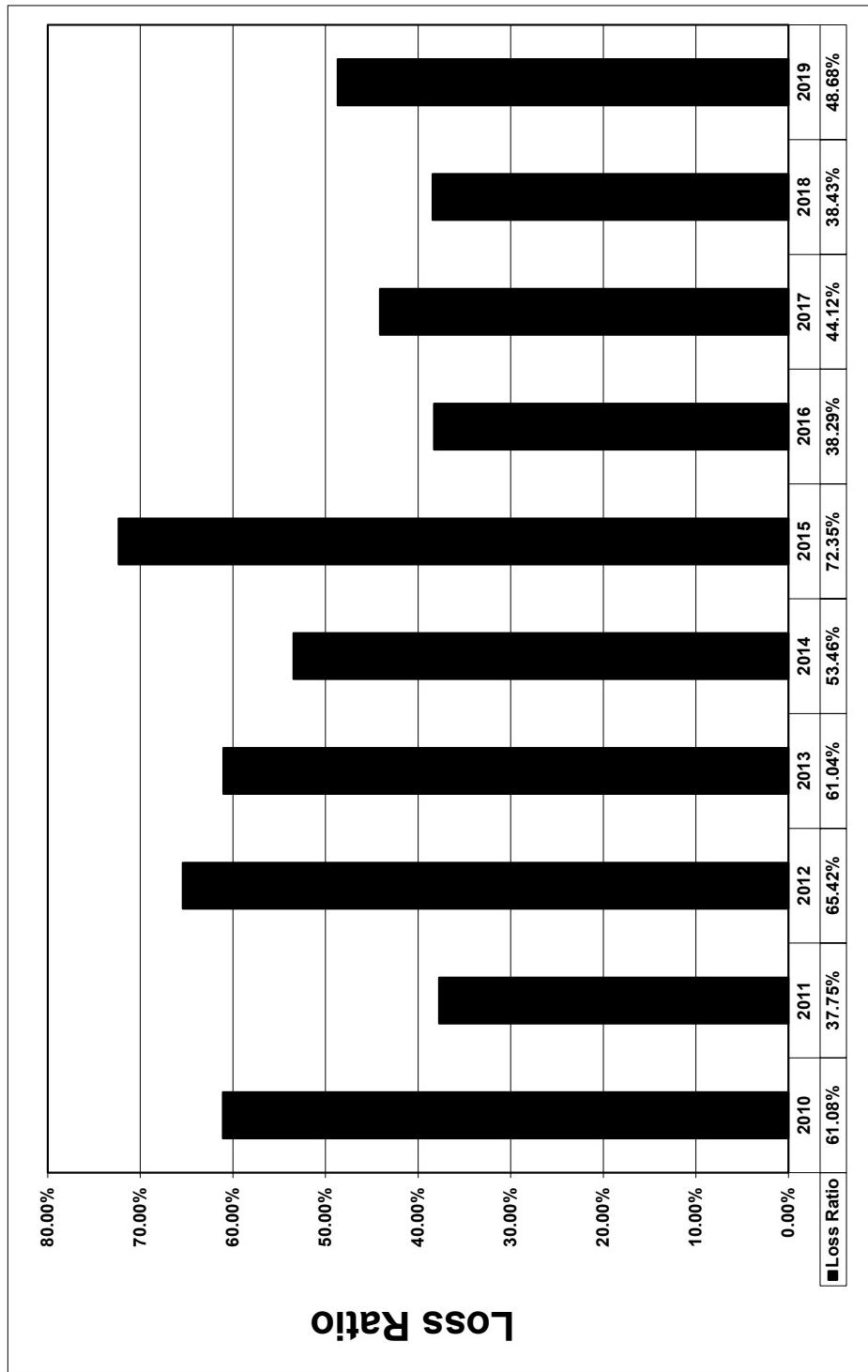
**PAGE 19 SUPPLEMENT**  
**LEGAL MALPRACTICE EXPERIENCE**

**TEN YEAR SUMMARY**

YEAR	Written Premium	Earned Premium	Incurred Losses	Loss Ratio
2010	\$14,955,313	\$15,124,731	\$9,238,427	61.08%
2011	\$14,269,499	\$14,608,084	\$5,514,132	37.75%
2012	\$15,356,950	\$15,088,454	\$9,871,352	65.42%
2013	\$15,843,263	\$15,221,120	\$9,291,232	61.04%
2014	\$16,725,395	\$16,787,627	\$8,975,108	53.46%
2015	\$16,452,459	\$16,412,220	\$11,873,680	72.35%
2016	\$16,350,726	\$16,425,472	\$6,289,090	38.29%
2017	\$16,385,754	\$16,414,566	\$7,242,168	44.12%
2018	\$15,333,042	\$15,946,562	\$6,127,946	38.43%
2019	\$15,172,518	\$15,270,375	\$7,433,567	48.68%
10-Year Total	\$156,844,919	\$157,299,211	\$81,856,702	52.04%

PAGE 19 SUPPLEMENT  
LEGAL MALPRACTICE EXPERIENCE

TEN YEAR LOSS RATIO SUMMARY



INSURANCE  
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HOTLINE**

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